12

STANDING COMMITTEE ON DEFENCE (2010-2011)

(FIFTEENTH LOK SABHA)

MINISTRY OF DEFENCE

DEMANDS FOR GRANTS (2011-2012)

TWELFTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

August, 2011/*Sravana,* 1933 *(Saka)*

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(2010-2011)

(FIFTEENTH LOK SABHA)

MINISTRY OF DEFENCE

DEMANDS FOR GRANTS
(2011-2012)

Presented to Lok Sabha on 03.08.2011
Laid in Rajya Sabha on 03.08.2011

LOK SABHA SECRETARIAT
NEW DELHI

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COMPOSITION OF THE STANDING COMMITTEE ON DEFENCE
(2010-2011)

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2. Smt. Sudesh Luthra — *Director*
3. Smt. J.M. Sinha — *Deputy Secretary*
4. Shri Rahul Singh — *Committee Officer*

INTRODUCTION

I, the Chairman of the Standing Committee on Defence (2010-2011), having been authorised by the Committee to submit the report on their behalf, present this Twelfth Report on 'Demands for Grants (2011-2012)' of the Ministry of Defence.

2. The Demands for Grants were laid in Lok Sabha on 14 March 2011. The Committee considered the Demands for Grants and took evidence of the representatives of the Ministry of Defence on 04.04.2011, 05.04.2011, 18.04.2011 and 19.04.2011.

3. The report was considered and adopted by the Committee at their sitting held on 20 June 2011. Minutes of the related sittings are given in Appendix to the Report.

4. The Committee wish to express their thanks to the officers of the Ministry of Defence for appearing before the Committee and furnishing the material and information which the Committee desired in connection with the examination of the Demands for Grants.

5. For facility of reference and convenience, the recommendations/ observations of the Committee have been printed in bold letters in Part-II of the report.

NEW DELHI;
19 *July,* 2011
28 *Asadha,* 1933 *(Saka)*

SATPAL MAHARAJ,
Chairman,
Standing Committee on Defence.

REPORT

PART I

CHAPTER I

GENERAL DEFENCE BUDGET

Introductory

The principal task of the Ministry of Defence is to frame policy directions on defence and security related matters and communicate them for implementation to the Service Headquarters, Inter-Service Organisations Production, Establishments and Research and Development Organisations and also to ensure effective implementation of the Government's policy directions and the execution of approved programmes within the allocated resources.

1.2 The Budgetary allocations of the Ministry of Defence are contained under Eight Demands for Grants.

1.3 The budgetary requirements for the Civil Expenditure of the Ministry of Defence Secretariat, Defence Accounts Department, Canteen Stores Department, Defence Estates Organisation, Coast Guard Organisation, JAKLI etc. and Defence pensions are provided in two separate Civil Demands for Grants of the Ministry of Defence, *viz*. Demand No. 20—Ministry of Defence (Civil) and Demand No. 21—Defence Pensions. These are not included in the overall defence allocation of Rs. 64,415.49 crore in BE 2010-2011. The budgetary requirements of the Border Roads Organisation are being provided by the Ministry of Road Transport and Highways.

1.4 The budgetary requirements for the Defence Services commonly known as Defence Budget are included in the following six Demands for Grants of the Ministry of Defence presented to Lok Sabha:—

Demand No. 22, Defence Services	–	Army (Including NCC, Sainik Schools and DGQA, Rastriya Rifles, Military Farms and ECHS).

Demand No. 23, Defence Services – Navy (Including Joint Staff)

Demand No. 24, Defence Services – Air Force

Demand No. 25, Defence Ordnance Factories

Demand No. 26, Defence Services – Research and Development

Demand No. 27, Capital Outlay includes all Services and Departments other than those covered by the Demands for Grants of Ministry of Defence (Civil).

1.5 The 'running' or 'operating' expenditure of the three Services and other Departments *viz*. DRDO, DGOF, DGQA, NCC, DGAQA and Directorate of Standardisation are provided under the above five Demands (22 to 26), which cater to the requirement of Revenue expenditure, while the sixth, *viz*. Capital Outlay on Defence Services, caters to requirement of the expenditure incurred on building or acquiring durable assets for all Services and Departments other than those covered by the Demands for Grants of Ministry of Defence (Civil).

1.6 The Revenue expenditure includes expenditure on Pay and Allowances, Transportation, Revenue Stores (like Ordnance stores, supplies by Ordnance Factories, Rations, Petrol, Oil and Lubricants, Spares, etc.), Revenue Works (which include maintenance of Buildings, water and electricity charges, rents, rates and taxes, etc.) and other miscellaneous expenditure.

1.7 The Capital expenditure includes expenditure on Land, Construction Works, Plant and Machinery, Equipment, Tanks, Naval Vessels, Aircraft and Aero engines, Dockyards, etc. The expenditure on items that have a unit value of Rs. 10 lakhs and above and a life span of 7 years or more is debited to the Capital Heads.

1.8 Approval of Parliament is taken for the 'Gross' expenditure provision under different Demands for Grants. Receipts and Recoveries, which include items like sale proceeds of surplus/obsolete stores, receipts on account of services rendered to State Governments/other Ministries, etc. and other miscellaneous items are deducted from the gross expenditure to arrive at the net expenditure on Defence Services. What is commonly referred to as the Defence Budget is the net expenditure thus arrived at for the six Demands, *viz*. Demand Nos. 22 to 27.

Grant No. 20 – Civil Expenditure of the Ministry of Defence

1.9 Major components of gross Revenue expenditure in Revised Estimates 2010-11 are CSD (Rs. 8562.64 crore), Defence Accounts Department (Rs. 919.77 crore), Coast Guard Organisation-CGO (Rs. 882.26 crore),

MOD Secretariat (Rs. 115.41 crore), Defence Estates Organisation (DEO) (Rs. 237.66 crore), Jammu and Kashmir Light Infantry (J&K LI) (Rs. 658.02 crore) and Armed Forces Tribunal (AFT) (Rs. 21.36 crore), and Hindustan Shipyard Limited (Rs. 40 crore for Shipyard Subsidy and Rs. 452.68 crore for Financial restructuring of HSL) etc. In the Capital outlay of Rs. 1492.43 crore in the Revised Estimates 2010-11, the major allocations are for the Capital Outlay and other fiscal services—customs Rs. 1200-19 crore, housing and office buildings Rs. 66.88 crore and Miscellaneous loans for PSUs (HSL) Rs. 222.36 crore and URCs by CSD is Rs. 3.00 crore etc. The provisions in RE 2010-11 and BE 2011-12 under Demand No. 20 are given below:

(Rs. in crore)

	BE 2010-11	RE 2010-11	BE 2011-12
Gross Revenue	11246.13	11895.53	11474.81
Capital	1181.72	1492.43	1682.00
Gross Expenditure	12427.85	13387.96	13156.81
Receipts (R) (CSD) (-)	9000.00	9000.00	9000.00
Receipts (R) (HSL) (-)	0	222.35	0
Net Expenditure	3427.85	4165.61	4156.81

Grant No. 21 Defence Pensions

1.10 Defence Pensions, under Ministry of Defence, provides for pensionary charges in respect of retired Defence personnel (including Defence civilian employees) of the three services *viz*. Army, Navy and Air Force and also employees of Ordnance Factories etc. It covers pensions of a types including payment of Service pension, gratuity, family pension, disability pension, commuted value of pension, leave encashment etc., contribution to provident funds, and rewards etc.

1.11 The position of budgetary allocation under this Head is as under:—

(Rs. in crore)

Actual 2008-09	20233.27
Actual 2009-10	34999.45
BE 2010-11	25000.00
RE 2010-11	34000.00
BE 2011-12	34000.00
Percentage variation in BE 2011-12 over BE 2010-11	36.00
Percentage variation in BE 2011-12 over RE 2010-11	0.00

1.12 As informed by the Ministry of Defence, the requirement of additional amount of Rs. 9000 crore in RE 2010-11 over BE 2010-11 is due to implementation of Government orders on improvement in pension of pre 1.1.2006 PBOR pensioners and impact of higher rate of Dearness Relief. There is also alround increase in amount in Pension, Family Pension, Gratuity, Commuted Value of pension and Leave Encashment as a result of increase in retirees during 2010-11. Again the additional amount Rs. 9000 crore in BE 2011-12 over BE 2010-11 is due to alround increase in amount in Pension, Family Pension, Gratuity, Commuted Value of pension and Leave Encashment as a result of increase in retirees during 2010-11.

Defence Services Estimates in Broader Perspective

1.13 Defence Budget Generally referred to the sum total of the net allocations is covered by the Defence Services Estimates. It is entirely non-Plan expenditure. The following table indicates the total non-Plan Central Government expenditure and Defence expenditure during the year 2011-12:

(Rs. in crore)

Non-Plan Total Central Government Expenditure			Defence Expenditure		
Revenue	Capital	Total	Revenue	Capital	Total
733558.00	82624.00	816182.00	95216.68 (12.98%)	69198.81 (83.75%)	164415.49 (20.14%)

1.14 The table given below indicates the growth of Defence Expenditure since 1998-99 till 2011-12 CGE:

Year	Defence Expenditure	% increase on previous year
1	2	3
1998-99	39898	13.10
1999-2000	47071	17.98
2000-01	49622	5.42
2001-02	54266	9.36
2002-03	55662	2.57
2003-04	60066	7.91
2004-05	75856	26.29
2005-06	80549	6.19
2006-07	85495	6.14
2007-08	91680	7.23

1	2	3
2008-09	114223	24.59
2009-10	141781	24.13
2010-11 (RE)	151582	6.91
2011-12 (BE)	164415	8.47

1.15 From the above tables it is seen that the Budget Estimates for the year 2011-12 of the Ministry of Defence is of Rs. 1,64,415.49 crore which comprises Rs. 95216.68 crore for Revenue items and Rs. 69198.81 crore for Capital items. The percentage of Revenue and Capital items are of 12.98 per cent and 83.75 per cent respectively of the total non-Plan Central Government expenditure. The BE for 2011-12 is 20.14 per cent of the total non-Plan Central Government expenditure. Although in absolute term, defence expenditure has been increasing every year, however, the data shows that the percentage allocation during 2010-11(RE) and 2011-12 (BE) has shown a decreasing trend, said percentage during the year 2009-10 was 24.13 which declined to 6.91 during 2010-11, during 2011-12 percentage slightly improved to 8.47 percentage. In comparison to the RE of 2010-11 is Rs. 151581.69 crore, the BE of 2011-12 is of Rs. 1,2833.80 crore. The percentage increase in respect of BE 2011-12 is 16.03 per cent in comparison to BE of 2009-10, has further reduced to 11.59 per cent in comparison to BE of 2010-11 and 8.47 in comparison to RE 2010-11. In other words, the Ministry of Defence has over spent its 2010-11 allocations at the time of Revised Estimate by Rs. 4237.69 crore. This extra expenditure incurred on both the revenue and capital fronts.

1.16 The following table shows the details of Central Government expenditure and Defence expenditure:—

(Central Government expenditure (CGE)

Year	Defence Expenditure	Total CGE (Actuals)	Def. Exp. % of CGE
1	2	3	4
1998-99	39898	279366	14.28
1999-2000	47071	298084	15.79
2000-01	49622	325611	15.24
2001-02	54266	362453	14.97
2202-03	55662	414162	13.44
2003-04	60066	471368	12.74
2004-05	75856	497682	15.24
2005-06	80549	506123	15.91

1	2	3	4
2006-07	85495	583387	14.65
2007-08	91680	712732	12.86
2008-09	114223	883956	12.92
2009-10	141781	1024487	13.84
2010-11 (RE)	151582	1216576	12.46
2011-12 (BE)	164415	1257729	13.07

Both in absolute and percentage term.

1.17 The table given below indicates Defence expenditure total GDP and defence expenditure as percentage of GDP.

(Rs. in crore) Year	Defence Expenditure	Total GDP	Def. Exp. % of GDP
1998-99	39898	1751199	2.28
1999-00	47071	1952035	2.41
2000-01	49622	2102314	2.36
2001-02	54266	2278952	2.38
2002-03	55662	2454561	2.27
2003-04	60066	2754620	2.18
2004-05	75856	3239224	2.34
2005-06	80549	3706473	2.17
2006-07	85495	4283979	2.00
2007-08	91680	4947857	1.85
2008-09	114223	5574449 (P)	2.05
2009-10	141781	6550271 (Q)	2.16
2010-11 (RE)	151582	7877947 (A)	1.92
2011-12 (BE)	164415	8980860*	1.83

P- Provisional Estimates, Q-Quick Estimates, A-Advance Estimates as per Economic Survey 2010-11.

* - As per Union Budget at a glance 2011-12.

1.18 The adequate increase in the defence budget has had a favourable impact on key statistics except in terms of its share in total Central Government expenditure and GDP. Defence expenditure as a percentage of GDP has declined from 2.9 per cent in 2010-11 to 1.83 per cent in 2011-12.

The Projections made by the three Services, allocations made and expenditure incurred

1.19 The information in regard to the projections made by the three services, allocations made and expenditure incurred from the year 2007-08 to 2009-10 and projections and allocations made during the year 2010-11 and 2011-12 are as under:—

(Rs. in crore)

Year	Service	BE		RE		Exp.
		Projected	Allocated	Projected	Allocated	
2007-08	Army	49809.00	45316.54	47061.37	45432.26	45803.35
	Navy	18387.80	17529.44	17468.00	16036.38	15885.41
	Air Force	28073.38	27021.74	28242.95	24682.99	23593.95
2008-09	Army	54862.22	49228.23	62581.59	59058.57	57676.91
	Navy	20166.39	19506.77	17839.63	17312.77	17248.01
	Air Force	34812.78	30126.98	30645.47	29271.37	29271.06
2009-10	Army	83284.84	76117.23	78325.16	70161.79	75228.00
	Navy	21352.59	20604.02	22393.28	21208.49	22693.59
	Air Force	37242.01	34432.26	40430.90	33318.38	32790.86
2010-11	Army	83867.64	74019.95	83094.86	75582.99	
	Navy	25945.54	21467.51	29038.60	25157.29	
	Air Force	49151.16	40462.45	40520.73	39270.34	
2011-12	Army	102962.17	82820.49			
	Navy	40541.07	25246.89			
	Air Force	56201.56	46209.98			

Notes : (i) Navy includes Joint Staff.
(ii) Expenditure figures for 2010-11 are upto February, 2011.

1.20 The above table depicts the gap in the projections, allocations and expenditure since 2007-08 and also the growth of allocations for the three Services. The allocations for the three Services is lesser than the projected amount in all the years and also the actual utilization is lesser than the amount allocated to them at RE stage except in regard to Army and Navy during the year 2009-10. If the expenditure position is compared to the position of allocations projected at Re Stage, in all the three years of Eleventh Plan, the expenditure is short of allocation made at BE stage.

1.21 Details regarding the projections made, allocations made at BE and RE stage and the expenditure incurred during each year of

Eleventh Plan for heads/organization other than the three Services are as under:—

(Rs. in crore)

Year	Service	BE		RE		Exp.
		Projected	Allocated	Projected	Allocated	
2007-08	DGOF	340.52	-202.41	135.59	87.59	45803.35
	R&D	6931.17	5887.22	6238.13	5896.81	15885.41
	DGQA	398.60	447.47	363.97	363.97	23593.95
2008-09	DGOF	-20.99	-171.65	1697.28	1502.18	57676.91
	R&D	8522.88	6486.35	7926.48	6937.54	17248.01
	DGQA	433.27	423.32	512.15	517.57	29271.06
2009-10	DGOF	2161.94	1505.45	2052.44	2486.25	75228.00
	R&D	9515.69	8481.54	9832.96	8514.81	22693.59
	DGQA	599.35	562.50	619.75	574.28	32790.86
2010-11	DGOF	1247.79	1015.53	553.62	605.70	
	R&D	11753.52	9808.72	11250.26	10359.43	
	DGQA	628.05	569.84	766.53	605.94	
2011-12	DGOF	-310.04	-776.79			
	R&D	14842.77	10253.17			
	DGQA	777.55	661.75			

Note: Expenditure figures for 2010-11 are upto February, 2011

1.22 From the above table, it can be inferred that in respect of DGOF, Research and Development (R&D) and DGQA, the allotted amount is less than the amount projected and the expenditure is far higher than the allocations since 2007-08 to 2009-10. In comparison to the expenditure pattern during 2009-10, the projected amount and the allocations at BE and RE stage are less during the years 2010-11 and 2011-12.

1.23 When asked to State where compromises have been made or likely to be made due to the reduced budgetary allocation against the projections made by the three Services and other organisation/heads, the Ministry of Defence in their written replies stated:—

> "As far as the revenue budget is concerned, after providing for pay and allowances and other obligatory payments, the remaining allocation is made for purchase of ordnance and other stores, transportation, revenue works and maintenance, new raisings, ECHS and other miscellaneous expenditure, etc. All of these may be impacted by reduced allocation.

As regards capital budget, reduced allocation may impact acquisition of land and capital works to varying extent. Prioritization of modernization schemes may also have to be reviewed in the light of available allocation."

Defence Services Estimates

1.24 The Demand-wise position of allocations in the Budget Estimates and Revised Estimates for the year 2009-10 and Budget Estimates of 2010-11 is as under:—

The Demand–wise position is as under:—

(Rs. in crore)

S.No.	Demand	BE 2010-11	RE 2010-11	BE 2011-12
1.	Army (Revenue expenditure of Army, NCC and DGQA)	58995.10	62199.02	65985.05
2.	Navy (Revenue expenditure of Navy and Joint Staff)	9455.03	10008.52	10789.06
3.	Air Force (Revenue Expenditure of Air Force)	15803.65	15596.47	16520.87
4.	Defence Ordnance Factories (Revenue Expenditure of Ord. Factories)	1999.84	1948.25	795.88
5.	Research and Development (Revenue Expdr. of R&D)	5260.42	5275.42	5659.87
6.	Capital Outlay on Defence Services (Capital Expdr. of all Services/Deptts.)	60000.00	60833.26	69198.81
	Total (Gross)	151514.13	155860.94	168949.54
	Receipt/Recoveries	4170.13	4279.25	4534.05
	Total (Net)	147344.00	151581.69	164415.49

1.25 A comparison of the Service/Department-wise allocations in RE 2010-2011 and BE 2011-12 is given below:—

Service/Deptt.	RE 2010-11	%age of total Budget	BE 2011-12	%age of total Budget
1	2	3	4	5
Army	75582.99	49.86%	83482.24	50.78%
Navy	25157.29	16.60%	25246.89	15.36%
Air Force	39270.34	25.91%	46209.98	28.10%
DGOF	605.70	0.40%	(-)776.79	(-)0.47%

1	2	3	4	5
R&D	10359.43	6.83%	10253.17	6.24%
DGQA	605.94	0.40%	661.75	0.40%
Total	151581.69	100.00%	164415.49	100.00%

Note: Net Revenue plus Capital provisions has been shown here.

1.26 The BE 2011-12 reveals that Army's budget of Rs. 83482.24 crore account for 50.78 of the total defence budget. Out of this Revenue Allocation is Rs. 64251.55 crore and capital allocation is Rs. 19230.69 crore. Air force got the next highest allocation *i.e*. Rs. 46209.98 crore which is 28.11 per cent of the total defence budget Navy has got Rs. 25246.89 crore. This accounts for 15.36 per cent of the total defence budget. DRDO has been given 10253.17 crore, in percentage term it accounts 6.24 per cent. The major share for army is because of the large scale provision under revenue expenditure which is primarily driven by pay and allowance.

1.27 The following table source the distribution of Budget Estimates (BE) 2011-12.

	Revenue	%age	Capital	% age	Total (Rev+Cap)	% age (Total)
Army	64251.55	67.48	19230.69	27.79	83482.24	50.78
Navy	10589.06	11.12	14657.83	21.18	25246.89	15.36
A.F.	15927.95	16.73	30282.03	43.76	46209.98	28.11
DGOF	-1176.75	-1.24	399.96	0.58	-776.79	-0.47
R&D	5624.87	5.91	4628.30	6.69	10253.17	6.24
Total	95216.68	100	69198.81	100	164415.49	100

Capital Outlay

1.28 The capital outlay provides allocation for Land and construction works, Married Accommodation project, DGOF issues, DRDO, and other Defence Departments and Capital Acquisition.

1.29 The breakup of allocation during BE, 2010-11 and 2011-12 for capital outlay is as under:—

Sl. No.	Category of Capital Outlay	2010-11	2011-12
1	2	3	4
1.	Land and works of three services and Joint Staff	5159.26	5189.20
2.	Married Accommodation Project	1805.12	1647.30

1	2	3	4
3.	DGOF issues	3426.48	3427.47
4.	DRDO, DGOF and other Defence Departments	5809.93	5936.82
5.	Capital Acquisition Committee Liabilities New Schemes	43799.21	52998.02

1.30 The overall defence budget, allocation for capital expenditure, expenditure and percentage of capital budget to the total defence budget and percentage of actual expenditure is as under:—

Overall Defence Budget

FY	Defence Budget	Capital			
		Allocation	Percentage	Expenditure	Percentage
2007-08	96000.00	41922.00	43.67	37461.67	39.02
2008-09	105600.00	48007.00	45.46	40918.48	38.75
2009-10	141703.00	54824.00	38.69	51112.36	36.07
2010-11	147344.00	60000.00	40.72		
2011-12	164415.49	69198.81	42.09		

1.31 The Defence Budget reveals that the Ministry of Defence has spent more than its 2010-11 budgetary allocations under the Capital head. Keeping in view the past instances of surrendering the funds, for the first year it has spent the entire allocation. However a closer examination has revealed that spending has not been done as was intended in the original budget leading to under utilization in some heads and over utilization in other as indicated in the above table.

1.32 During oral evidence, Defence Secretary stated as under:—

"This is true that in the past we have been surrendering money because we have not been able to utilize the full amount. But this is the first year after a long time when we have not only been able to spend the entire capital and revenue budget, we will be spending slightly more and this is because of the effort that has been put in the past and last year also though in relation to BE there was some surrender but after the RE, we were given an additional Rs. 3,000 crore on the capital side so the capability of the Defence Department to absorb the funds that have been allotted is improving but in the past this was true. This year we have been able to spend the entire amount and we hope that this year also we will be able to spend the amount."

Expenditure position during various quarter of the Financial years

1.33 The expenditure position in absolute and percentage term during the first, second, third and fourth quarter of financial years 2009-10 and 2010-11 as furnished by the Ministry is as under:—

(Rs. in crores)

		1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
Actuals 2009-10	141781.08	25678.22	58940.03	94331.69	141781.08
	% of Expdr.	18.11	41.57	66.53	100.00
RE 2010-11	151581.69	25541.71	62869.45	102503.95	122252.82
	% of Expdr.	16.85	41.48	67.62	80.65

1.34 When asked for the unable pattern of spending during all the quarters of a Financial year the representatives of the Ministry of Defence stated as under:—

> "The phasing of the expenditure is not uniform across the quarters. This is across the board in all Departments because what happens is that in purchases the revenue expenditure, by and large, moves along according to the salary thing. So that moves on uniformly. But as far as capital acquisitions etc. are concerned, there is a certain time that is taken for issuing of RFP and then getting this and then getting it approved finally. So, normally we find that at the end of the quarter the expenditure is disproportionate and this is across the board in all the spending departments of the Government of India. We are trying to see that it becomes more even."

Breakup of Committed liabilities and new Schemes

1.35 The position regarding Service-wise allocation and expenditure on capital acquisition (with break-up of committed liabilities and new schemes) as furnished by the Ministry of Defence is as under:—

(Rs. in crores)

Year	Service	BE	RE	Expenditure		
				New Schemes	Comttd. Liab.	Total
1	2	3	4	5	6	7
2007-08	Army	6937.20	6224.20	3245.46	3450.07	6695.53
	Navy	9980.74	8552.19	524.90	8041.73	8566.63
	Air Force	15908.86	13333.62	7288.88	5352.38	12641.26
	Total	32826.80	28110.01	11059.24	16844.18	27903.42

1	2	3	4	5	6	7
2008-09	Army	7607.67	5740.03	1619.17	3760.73	5379.90
	Navy	11593.68	8765.78	324.43	8635.10	8959.53
	Air Force	18281.42	16108.83	7292.22	8368.77	15660.99
	Total	37482.77	30614.64	9235.82	20764.60	30000.42
2009-10	Army	9821.07	6254.35	3781.27	4378.61	8159.88
	Navy	11732.01	11386.34	2612.92	10216.59	12829.51
	Air Force	18814.64	17506.19	5506.24	11931.37	17437.61
	Total	40367.72	35146.88	11900.43	26526.57	38427.00
2010-11	Army	8876.88	7433.23	201.37	2791.69	2993.06
	Navy	11439.90	14439.90	3711.79	8943.82	12655.61
	Air Force	23482.43	22567.50	4837.81	10385.83	15223.64
	Total	43799.21	44440.63	8750.97	22121.34	30872.31
2011-12	Army	10740.02				
	Navy	13845.26				
	Air Force	28412.74				
	Total	52998.02				

Note: Expenditure figures for 2010-11 are upto February, 2011.

1.36 When asked about reasons for more allocations for Committed liability than the new schemes, the representatives of the Ministry of Defence classified during the evidence as under:—

> "The other major point that you made was about the new schemes and the committed liability. There I would like to explain you that how the defence expenditure is done. Take the case of a destroyer or an aircraft that you see. The deliveries take place over a period of six to seven years. So, suppose we are buying destroyers worth Rs. 30,000 crore, in the first year, when we sign a contract, only 15 per cent payment will be made. Then the payments are made according to the milestones that are to be achieved. Basically if we enter into contracts, and if the modernisation is going on properly, the committed liabilities will keep on increasing because the action that has been taken now this year will result into its being passed on as a committed liability. So it is a mix of new and this thing. And currently what we are passing through is a phase of rapid modernisation of the Indian Armed Forces for the last three-four years. Therefore, the committed liabilities are increasing because of the effort being put and new schemes are also being added. So

it is not a cause of worry. Rather we are building up the muscles. A few years back, even Rs. 30,000 crore of capital expenditure was a very big thing. Now if you see, even the committed liability of the next year would be of that order. So even if we do not do anything, that much of amount will be done because we have entered into contracts. So the point that I am trying to make is that this is not faulty planning; this is something that we expect in a phase of rapid transformation and modernisation of our Defence Forces."

Procurement Policy

1.37 The aim of Defence Procurement Policy is to ensure expeditious procurement of approved requirements of Armed Forces in terms of capabilities sought and time frame prescribed by optimally utilising allocated budgetary resources.

Delegation of Financial and Administrative Power

1.38 During examination of DFG (2010-11) the Ministry had informed that a Committee has been set up in the Finance Division to review the entire range of financial powers delegated to the Services, which were last reviewed in 2006. The Committee, which also comprises of representatives of the Services, is holding extensive discussions to finalize the recommendations.

1.39 When asked about the outcome of such meetings and discussions of the Committee, the Ministry in its written reply has stated:—

"A comprehensive proposal for enhancement of the existing delegation of powers to the Services has been submitted by the Committee in December, 2010. The same is under consideration in the Ministry of Defence".

Offset Clause

1.40 On being asked about the areas were offset clause has helped India, the representatives of the Ministry during oral evidence has stated:—

"As far as offsets are concerned, it is true that our procurements in the next 5 to 10 years would be more than 100 billion dollars and 30 per cent of that is 30 billion dollars. Now we must appreciate that the offset policy was introduced in 2005 and some amendments

were made in 2006. So, it is a very new policy and it is not a fully evolved policy. It is still in the process of evolution. In the last 3-4 years, whatever experience we have gained, we are now taking stock of that and there is a committee under my chairmanship which is looking at the whole to see what best could be done so that we can absorb this huge amount of money that is going to be required to be absorbed. There are different ways of absorption. If you look at the big picture, one is through direct purchase of goods and services which are produced in India. So, many of the vendors who are now getting contracts from MoD are now required to build into contract some procurement within India for the main equipment. So, there is sub-contracting which is going on let say by Boeing or by other companies who in the process supplying the main equipment to India would be sourcing some of the parts or components or design or engineering or software from Indian companies. That is one major thrust that is happening especially on engineering and design services and procurement of components. Now because of the off set policy, these companies are now forced to procure from Indian companies. So, there is an Indian vendor base which is being developed as a result of this policy. The second way in which this off set is benefiting us is through direct flow into R&D. Now I would like to give you a specific example. We are presently working on offset for the C-17 procurement which is a big transport aircraft for the Indian Air Force. The offset there is one billion dollars which amounts to Rs. 4500 crore. Now 500 million dollars worth of equipment is coming free to DRDO-one is high altitude engine test facility which does not exist in the country which is about 300 million dollars and the other is a wind tunnel facility for testing the missiles and the aircraft which again does not exist in the DRDO free to DRDO from Boeing as part of the off set policy. So, this is the kind of benefit that is happening both to Indian private industry, Indian public sector and also to R&D institutions like DRDO.

Is it coming to the private industry or it is once again being diverted to PSU.

This is an example of PSU, the DRDO which is getting this technology. But all the direct purchase of goods and services that is happening, is happening through the private companies. The OEM is free to select its offset partner. We do not tell him where to do, whether he should go to a PSU or a private company or others. He is free to select his Indian partner. He does his negotiation.

He has his own way of identifying the companies. In fact, DOFA, which is a body under the Defence Production is supposed to assist him in identifying the partner. So, once he selects the partner, they enter into an agreement and an MoU and they decide what will be produced by this partner which should be then bought back by the company. That is how the arrangement is evolving and materializing.

The third way in which this offset happens is through joint ventures. The foreign OEM sets up a joint venture with an Indian company. Now under the present FDI policy, the foreign company can have only 26 per cent equity. So, that is a binding constraint on the investment that can come in through joint venture. Now, either he has to buy back the same quantity from India or he has to invest that amount in India. Now when he invests that amount in India, he can do it through a joint venture. But joint venture equity is only 26 percent. So, there is a cap and beyond that he cannot invest. So, in some cases were getting direct grants to agencies like DRDO and in majority of cases it buy back of goods and services from India. Now India has a massive IT base. A lot of software and design services are being procured from India. So, you may not be able to see the immediate effect in terms of big factories or high technology but in terms of human resource capability of this country, it is benefiting substantially from the buy back which is happening through the off set route. There is a Committee which is looking into this on what further should be done so that we can absorb this. It is not the question of just absorbing Rs. 1.50 thousand crore in the next ten years. it is a question of doing it in a way that it benefits the country in a sustainable manner. We are hopeful that in the next two months we will be able to finalize some recommendations and they will go to the Defence Acquisition Council which will be chaired by the *Raksha Mantri* for approval."

Curbing of wasteful expenditure

1.41 The Committee in their earlier reports have been recommending for early implementation of the Defence Expenditure Review Committee (DERC) recommendation on Curbing of Wasteful Expenditure.

1.42 In the Action Taken Reply to the recommendations/ observations of the Committee contained in the Sixth Report, the Ministry

had stated that the process of examination and implementation of the recommendations of Defence Expenditure Review Committee Report on Curbing of Wasteful Expenditure is still underway. Wherever feasible, action has already been initiated. When asked to indicate the areas where action has already been initiated, the Ministry has stated that the process of examination and implementation of the recommendations of the DERC is still underway however, action has been taken in respect of some of the recommendations. Pertaining to the reasons for delay in the examination process, the Ministry has stated that:—

> "Since the examination process involves widespread consultation with Services and other stakeholders, the process is taking time."

Married Accommodation Project

1.43 The details with regard to financial and physical targets and achievements in respect of construction of Married Accommodation Project (MAP) in all its four phases as furnished by the Ministry are as under:—

> "The CSS on 5.10.2002 approved the Married Accommodation Project (MAP) proposal to construct 1,98,881 Dwelling Units over four phases as detailed below at a total cost of Rs. 17,357.97 crore:—

	No. of Dwelling units	Cost (Rs. in crore)
Phase-I	61,658	5478.73
Phase-II	66,727	*5502.29
Phase-III	36,423	*2986.19
Phase-IV	34,073	*2790.76

*In addition, Rs. 200 crore for each of Phase II, III and IV towards Land Cost was also sanctioned.

1.44 However, revised details of 1,98,881 Dwelling units Phase-wise with revised costs for Phase I and II as approved by the Cabinet on 9th August, 2010 are as follows:—

	No. of Dwelling units	Cost (Rs. in crore)
Phase-I	57,875	6,032.70
Phase-II	69,992	13,681.90
Phase-III	71,014	—
Phase-IV	Nil (Combined with Phase-III)	—

Financial and Physical

1.45 Achievement—Year wise and Phase wise

Financial Year(FY)	Physical progress *i.e.* No. of Dwelling units constructed		Financial Progress (Rs. in crore)			
	Under Ph-I	Under Ph-II	Under Ph-I		Under Ph-II	
			Allocation	Expenditure incurred	Allocation	Expenditure incurred
2002-03	-	-	8.200	02.155	-	-
2003-04	-	-	16.874	15.441	-	-
2004-05	-	-	173.640	161.569	-	-
2005-06	-	-	765.504	764.448	-	-
2006-07	3239	-	1391.00	1389.555	-	-
2007-08	9904	-	1503.981	1483.11	-	-
2008-09	19851	-	912.793	900.89	-	-
2009-10	12391	-	378.097	381.91	76.922	75.071
2010-11	7265	-	279.877	200.157	1228.379	687.956
Total	52650	-	5429.966	5299.235	1305.301	763.027

1.46 As per the information furnished by the Ministry the period of completion of Phase-I of the project was from 2002-03 to 2005-06. The CCS on 11th January, 2007 extended Probable Date of Completion (PDC) of Phase-I from 2005-06 to 1st January, 2009 and the Cabinet on 9th August, 2010 extended PDC of Phase-I to 31st December, 2010.

> "The Probable Date of Completion of Phase-II of Married Accommodation Project is 31st March, 2012."

1.47 Pertaining to the reasons for re-extension of Phase-I of MAP, the representative of the Ministry of Defence, during oral evidence has submitted as under:—

> "Regarding the first phase, which was sanctioned some time in 2002, there were a number of initial problems. A new structure was created and all kinds of procedures were also put in place. So, phase-I got significantly delayed. The revised date was 31st December, 2010. Out of that, 57,875 dwelling units have already been constructed at various places. What remains is that in certain cases, some contractor has run away or the foreclosure is not there.

For some selected dwelling units, the land acquisition is not there. Phase–II was sanctioned only recently, last year only. There, the date is 31st March, 2012. Phase-II is going on as per the target. We do not expect slippage in respect of phase-II. In fact, contracts are being awarded. For the phases III and IV, to expedite the process, they have been combined. What has been said is that the planning of phases III and IV should start as soon as phase-II is over in March 2012 so that the work and approval of phases III and IV can be taken up.

The other point is that in the case of Phase-I, there have been significant delays. Those initial problems have been overcome. We expect now that phase-II will move on track. We do not expect any significant slippages in phase-II."

Outcome Budget

1.48 The Standing Committee on Defence have been recommending for preparing Outcome Budget. In the Action Taken Replies on the recommendations/observations contained in the sixth report, the Ministry has stated as under:—

"It has been decided to attempt Outcome Budget in respect of Naval Dockyards also. However, the Ministry of Defence is of the view that it may not be appropriate to place the Outcome Budgets in the public domain or present them to the Parliament till sufficient experience is gained to ensure that quality and contents of the Outcome Budgets have reached an acceptable level of excellence."

1.49 Regarding the present status of preparation of Outcome Budget as consistently being recommended by the Committee in their earlier reports, the Ministry in their written note has stated as under:—

"Para 2 of the revised guidelines for preparation of Outcome Budget 2011-12, issued *vide* Ministry of Finance O.M. No. 2(1)Pers/E.Cord/OB/2005 dated 30 November, 2010 reads as follows:—

The Outcome Budget documents will be prepared separately by each Ministry/Department in respect of all Demands/Appropriations controlled by them, except those exempted from this requirement and to the extent disclosures are not barred on considerations of security etc. A list of exempted Demands/Appropriations is enclosed at Annexure I. However, even the Ministries/Departments and other authorities 'exempted' from preparation of Outcome Budget and

placing it in public domain are requested to carry out this exercise for internal use and voluntarily decide to place it in public domain fully or partially."

All six Demands for Grant that constitute Defence Service Estimates, Demand for Grant for Ministry of Defence and Demand for Grant for Defence Pensions are listed in Annexure I to the said OM in the category of Demands/Appropriations that are specifically exempted from the purview of outcome budgeting.

The guidelines for preparation of Outcome Budget 2011-12 issued by Ministry of Finance specifically exempt Ministry of Defence from the purview of Outcome Budgeting. However, Outcome Documents were prepared by the identified organisations *viz*, NCC, DGMAP and Naval Dockyards for 2010-11.

While there is great merit in adopting outcome budgeting, there are problems related to security of information, identification of outcomes in identifiable and measurable terms among others, which necessitate further refining of these documents particularly in the light of the feed back received during the workshop on Outcome and Zero Based Budgeting, organized under the aegis of Institute for Defence Studies and Analyses (IDSA) in December, 2010."

Long Term Integrated Perspective Plan

1.50 The set objectives/priorities of LTIPP 2002-2017 as furnished by the Ministry of Defence is as under:—

"The LTIPP focuses on the modernisation of the defence forces based on the analysis of geo-political scenario and threat perception. Defence procurements flow out of LTIPP. However, the security environment is dynamic and, therefore, SCAP and AAP are under continuous review. Accordingly the budgetary support is demanded. The modernization of the defence forces is progressing in line with the reviewed/recast 11th Defence Plan."

1.51 As per the earlier information furnished by the Ministry, LTIPP for the period 2002-17 is in vogue at present. LTIPP was approved by the Defence Acquisition Council in June, 2006. LTIPP for the period covering in 2012-2027 is being finalized by the service Headquarters and on receipts HQIDS will crystallize the LTIPP for 2012-2027 after due approval by the DAC.

1.52 Pertaining to the present status, the Ministry has stated as under:—

> "Draft LTIPP 2012-27 has already been prepared. It is in the process of ratification at COSC level and is likely to be approved before the commencement of the 12th Plan."

Finalisation of Eleventh Plan

1.53 As per the information made available to the Committee during the examining of DFG of 2010-11, Eleventh Plan was not finalized. When asked about the status of Eleventh Plan and its impact particularly, when four years of the plan period have already passed, the Ministry in its written reply stated as under:—

> "Defence Ministry had finalised the 11th Defence Plan (2007-12) and sent it to the Ministry of Finance in July 2006. It was expected that once the Ministry of Finance and the Ministry of Defence mutually agree to the plan size, it would be brought before the CCS. However, the same could not be finalised due to difference of opinion between the Ministry of Defence and the Ministry of Finance on the plan size. It was therefore, decided to not pursue the matter further. The budget projections for the final year of the Defence plan were made on the basis of the projections made by the Services/Departments.Meanwhile, capital acquisitions are being made as per the Annual Acquisition Plans of the Services, which are based on the Defence Plan, subject to availability of budgetary allocations. Practically, there has been no impact on the process of modernization in the absence of CCS/MoF approved 11th Plan. The Services have been provided with funds for their needs."

1.54 On being asked about the initiatives taken to ensure that Twelfth Plan is finalized immediately when the plan period starts and it does not meet the fate of the Eleventh Plan, the Ministry in its written reply stated that:—

> "Preparatory action for the 12th Defence Plan has been initiated and guidelines for preparing the plans by the respective Services/ Departments are under finalisation."

Armed Forces Tribunal (AFT)

1.55 It is reported in the press that the Armed Forces Tribunal, New Delhi, has expressed its anguish over lack of power to get the orders executed. Many a time it has found itself helpless as its orders are not

being implemented by authorities as it depend on their mercy, when asked to furnish comments on the above press report, the Ministry in its written reply has stated as under:—

> "Section 19 of the Armed Forces Tribunal Act confers on AFT the power to punish for contempt who is guilty of the contempt of the Tribunal by using any insulting or threatening language or by causing any interruption or disturbance in the process of such Tribunal. Armed Forces Tribunal has pointed out that this power to punish for contempt covers only the criminal contempt and not the civil contempt.
>
> In one of the cases before the Principal Bench of the AFT (Transfer Application No.36/09 in WP No. 15524/06) while dealing with a miscellaneous application for execution of its earlier order, AFT has remarked that the lack of power to punish for civil contempt is hampering the implementation of its orders.
>
> A proposal for amendment of certain provisions of AFT Act, 2007, is under examination by the Chiefs of Staff Committee/Ministry of Defence.
>
> Further instruction have been issued for prompt compliance of the order of AFT or to file appeal in due time, as in the process for cases before High Court/Supreme Court."

1.56 On being asked whether the Ministry propose to give more power to the Tribunal, the Ministry has stated that:—

> "The proposal is under examination in the COSC/Ministry of Defence. If finally approved …will take care of the concerns expressed by Armed Forces Tribunal."

1.57 Pertaining to details where the decisions of the Tribunal have not been honoured by the three Services, the Ministry in its written reply has stated:—

> "Decisions of the Tribunal are generally implemented. However, in some cases, due to the hierarchical structure of the services, particularly, Army, the process of implementation takes time. However, Services have been advised to implement the decisions of AFT promptly like the decisions of High Court and Supreme Court.
>
> In all in 303 cases, decisions of various benches of the Tribunal are yet to be implemented by the Services. In a few cases involving

substantial question of law, they are processed for adjudication by the Supreme Court."

1.58 When asked whether the Ministry of Defence is planning to review the cases and bring amendments in the Act, the Ministry of Defence in its written reply has stated:—

"Ministry of Defence has advised the three Services to promptly implement the decisions of Armed Forces Tribunal. They have also been advised to give importance to the decisions of the Tribunal like the decisions of High Court and Supreme Court. A proposal for amendment of certain provisions of AFT Act, 2007, is under examination by the Chiefs of Staff Committee/Ministry of Defence."

Defence Land

1.59 On the issue of Maintenance, Updation and Computerisation of Land Records. And the status of land audit the Ministry in their written note has stated as under:—

"The project on computerization of Military Lands Register and General Lands Register through a software named "Raksha Bhoomi" is already going on and is likely to be completed by March 2011. Two projects, one on Digitisation of land records involving scanning, indexing and microfilming and the other on Survey of Defence Land using modern technology have been sanctioned recently. Both projects are to be carried out in time-bound manner. The issue of land audit is under consideration."

1.60 When asked whether the aforesaid project land could be completed by the stipulated deadlines of 31 March, 2011 the representatives of Ministry of Defence during the course of oral evidence stated as under:—

"That is assurance the DGD had given us. But we have yet to talk to him and ascertain whether it is completed or it may extend by a few days."

1.61 It is observed that certain representations/suggestions have been received by the Government regarding improving the functioning of DGDE . In this regard the Ministry of Defence in its written reply has stated:—

"Controller General of Defence Accounts assigned Controller of Defence Accounts (Internal Audit) to carry out a special performance audit to examine the existing land acquisition system in order to

identify bottlenecks that account for delay and to suggest systemic measures to be taken to ensure that the Government does not end up incurring avoidable expenditure on account of interest on belated period of decretal amounts. The study report has been received. A number of recommendations (*i.e.* 27) have been made. The report is under examination."

1.62 The important recommendations of the CGDA's report are as under:—

"MoD may direct service Hqrs. and DGDE to convert all their records on defence land into a comprehensive and electronic data base within one year. This would cover details of all defence land holdings and their current utilization. This electronic data base would be accessed by concerned formations to find out land areas available in vicinity of proposed land area and other surplus lands available in the over-all locality. This information would be used to carry out meaningful analysis on as to whether the already available land can be utilized for fresh requirements.

An independent agency like DAD should be associated at the planning stage to ensure that all stipulations of Government policy like 'examining possibility of using already available land have been fulfilled before suggesting any fresh acquisition. This vetting from DAD would also ensure that appropriate option only *i.e*. leasehold rights requisition or acquisition etc. have been recommended keeping in view time-frame for utilization as projected by Service HQrs.

For such long-term requirements which cannot be met through already available and surplus land, option for acquisition of land may be recommended.

DGDE deals not only with acquisition but also with utilization of defence lands. In the matter of acquisition alone some 13000 cases are pending in various courts of law. In addition to this, a large number of cases relating to encroachment of defence lands are going in various areas of country. In many cases, Government seems to be losing and this kind of losing performance could be due to non-existence of a dedicated legal branch with land Directorates of Service HQrs. and DGDE organization and their dependence on Government lawyers with relatively unreliable loyalties to Government of India. Creation of a dedicated legal branch either through surrendering some of the DGDE positions or in addition to their existing strength needs to be considered, developed and

created to enable Service HQrs. and DGDE to take swift action in public interest.

Service HQrs. and other user agencies like DRDO, Ord Fys. etc. may be authorized to deal directly with State Government authorities without intermediation of DGDE for acquisition of land, to expedite land acquisition process. Elimination of the additional layer of DGDE from defence land acquisition process shall speed up the acquisition process and is expected to eliminate time and cost over-runs both for land and infrastructure on this.

We have noticed incidence of additional financial outgo of Rs. 63 crores in the implementation of court judgments for settlement of 170 disputes only. If the additional financial implications involved in settlement of 13000 court cases are to be assessed broadly with reference to this ration, finances of the order of Rs. 5000 crores (approx) may be required for settlement of these disputes, through courts of law. An effective strategy needs to be formulated by MOD for out of court settlement of this large number of court cases, in consultation with Law Ministry.

Keeping in view the very limited utility of the DGDE organization, MOD may like to order a comprehensive study of disbanding this organization from most of the activities from defence land management in a phased manner."

1.63 When asked whether the Ministry of Defence have ever tried to know about the system and the agencies involved in the management of land from the other Union Ministries like Ministry of Railway, Department of Posts, Ministry of Water Resources and I&B etc. who has large tracts of land in the Country the Ministry in its written reply stated:—

"The function of land management and maintenance of land records in the Railways is performed by their engineering department even though there are a number of users. Information in respect of other departments is being collected."

1.64 On being asked about the specific initiatives taken to ensure that such irregularities does not repeat in future and whether the Ministry has undertaken/propose to undertake the review of the existing acts/ policies related to land acquisition and land management and modifications in various laws/policies are proposed, the Ministry has stated:—

"It has also been decided to review the practice of issuing No Objection Certificates for construction of buildings on lands

adjoining Defence lands. Further, certain issues connected with ceding possession of the land under occupation of defence authorities for a long time and amendments to Works of Defence Act, 1903 to bring it in tune with the current security and safety requirements are being addressed."

Spectrum/communication

1.65 The latest status of vacation of spectrum by the Ministry of Defence as per MoUs signed with Ministry of Communication and Information Technology as furnished by the Ministry of Defence is as under:—

"A total of 20+20 MHz of 2G and 25+25 MHz of 3G spectrum was to be released in phases to MoC and IT, as per the timelines/triggers of MoU. MoD released 5+5 MHz of 2G and 10 MHz of 3G on 22 Oct., 2009. Another tranche of 5+5 MHz of 2G and 10 MHz of 3G spectrum have been released as per the time lines of the MoU on 31 Aug., 2010. MoD have fulfilled its obligations of spectrum release as per time lines of the MoU."

1.66 The status of optical fibre connectivity for the three services is as under:—

"As per the MoU, a fully secure and dedicated nationwide optical fibre network for Army and Navy was to be laid by MoC and IT. The supply order of the equipment was to be placed by 31 Aug., 2010. However, this timeline has not been met by MoC and IT till date. The hired bandwidth based Air Force Network (AFNET) was commissioned on 14 Sep., 2009. AFNET will eventually migrate on to the fully secure and dedicated nationwide Defence owned optical fibre network."

One Rank One Pension

1.67 One Rank One Pension (OROP) to Officers and Personnel Below Officers Ranks means equal pension for armed forces personnel retiring in the same rank with the same length of service irrespective of the date of retirement and any future enhancement in the rates of pension to be passed on to all the past pensioners. The Committee in their various reports have consistently been recommending to implement One Rank One Pension for the Armed Forces. When enquired about the present

status of implementation of the recommendation, the Ministry in its written reply stated as below:—

> "A Committee was set up under the Chairmanship of Cabinet Secretary to look into the issue of 'OROP and other related matters'. After a series of meetings, the Committee submitted its report on 30.6.2009.
>
> After considering all aspects of the issue, the Committee did not find it administratively feasible to recommend One Rank One Pension. However, keeping in mind the spirit of the demand, several other recommendations to substantially improve pensionary benefits of Personnel Below Officer Rank (PBOR) and Commissioned Officers were made, which have been accepted by the Government.
>
> All 7 recommendations made by the Cabinet Secretary's Committee stand implemented by issue of Government letters dated 30.10.09, 19.01.10, 20.01.10 and 08.03.10. One of the issue at 5 (iv) of the Report OROP has also been addressed and Government letter in this connection has been issued *vide* No. 17(4)/08/D(P/P), dt. 18.8.10"

1.68 During the oral evidence, on implementation aspect of OROP, a representative of the Ministry of Defence informed the Committee as under:—

> "Sir, as I had explained in great detail last year to the hon. Committee that there is no deadline as to when it will be implemented because a very conscious and deliberate decision based on historical facts, legal opinions and court judgments has been arrived at by the Government that considerable enhancement in the pension of all ranks will be given and has been given and it cannot be made hundred per cent. That is the gist of the entire decision and the entire process we have gone through and that I submitted and had explained last year.
>
> In fact, the difference if you can say so between pensions of various Ranks only ranges now between two and eight or nine per cent. That is all. So, they have all been brought up to that level. As I said, we have got reasons to do that, and there have been a lot of deliberation by the Government to arrive at that decision."

1.69 The Committee during the course of examination of Demands for Grants of the previous year had been apprised that pensionary benefits of ex-servicemen included disabled ex-servicemen have considerably been improved by implementation of seven recommendations of the Committee

headed by Cabinet Secretary. When enquired about the financial implications in this regard, the representative of Ministry of Defence during the course of deliberations submitted as under:—

> "….It is about Rs. 2200 to Rs. 2400 crore. There was a GoM headed by Shri Pranab Mukherjee in 2005 and now there is the Sixth Pay Commission. As the hon. Chairman has said, the Cabinet Secretaries' Committee met in June 2009. So, this is a continuous process. The gap has been very considerably bridged is the point that I am submitting. The very little that remains and whatever time that takes, cannot be foreseen. There is no deliberate cutoff date for that."

1.70 When enquired about the status of arrears that became due after implementation of seven recommendations made by the Committee of the Government, the Ministry submitted the following information:—

> "6TH CPC Revision 26 Public Sector Banks + 4 Private Sector Banks have confirmed that they have carried out the required disbursement of revised pension along with the arrears. Almost 14 lac Defence pensioners draw their pension from the banks, out of which SBI alone have 7.53 lac pensioners and have confirmed 99% completion. Defence Pension Disbursing Offices(DPDOs) have completed 100% disbursement to all the pensioners who are drawing pension from 61 DPDOs.
>
> Improvement of Pension- Govt. letter 8.3.10 *w.e.f.* 1.7.09 –All the banks have confirmed that they have carried out the disbursement of revised pension on this account, except those cases which have been referred to Pension Sanction Authorities (PSAs) (2-3%) for issuing Corr. PPOs/clarifications. DPDOs have also completed 97.7% disbursement on this account. The remaining 2-35 cases have been referred to PSAs for issuing Corr. PPOs/clarification."

1.71 The Ministry was asked about the additional financial implications, if OROP would be given to PBORs as well as Officers, the Ministry in its reply stated as under:—

> "As per the information obtained from the O/o CGDA during the deliberations of the Cabinet Secretary's Committee, the financial implication of OROP had been reported to a tune of approximately Rs. 3500 Cr per annum (for Commissioned Officers Rs. 190 crore and PBORs Rs. 3307 crore)."

1.72 When enquired whether the said approximately figure of Rs. 3500 crore per annum includes Rs. 2200 crore by way of

implementation of seven recommendations of the Cabinet Committee, the representative clarified as under:—

" Yes it is including that amount"

1.73 The representative further clarified:—

"That is per annum. Secondly, that is not since the beginning of the period that we will have to reckon. It is only since 1989-90 because the CGDA only has computerized records from that date, and several records because of the retention schedule have been destroyed. So, these are the two fundamental points which we will have to keep in mind. Firstly, that it is only since 1989-90, and secondly that this is only per annum and will have to be multiplied by so many years."

1.74 With regard to financial implication of OROP, the Committee during the course of examination of Demands for Grants of the previous year had been apprised that it involves financial expenditure to the tune of Rs. 8000-9000 crore per annum.

Construction of Border Roads

1.75 The Ministry was asked to elaborate on the infrastructure created/proposed to be created on the borders along with the initiatives taken/proposed to be taken to address the impending security challenges. In its written reply the Ministry submitted the following information:—

"Army's Road Infrastructure Development is planned under two projects-73 Roads Project and GS Roads LTPP. Details are given below:—

(a) **73 Roads Project.** The 73 Roads Project lists out the critical and strategically important 73 roads along the Northern borders with China, which are required to be completed in a time bound manner by 2012. 15 roads of this project have been completed so far. Overall progress is approx 43%.

(b) **GS Roads LTPP.** As the 73 Roads project was limited to only priority roads along the Indo-China border, the GS LTPP identifies the other roads to be developed along the borders of India with China, Pakistan and Myanmar. The construction of roads in the LTPP is laid down in two phases; Priority I roads by 2012 and Priority II roads thereafter till 2022. Eight roads of this project have been completed so far. Overall progress is approx 22%.

Initiatives taken

Following initiatives have been taken to resolve the various impediments to road construction:—

(a) **Funding** BRO is being provided the required funds.

(b) **Forests/Wildlife clearance** Interlocutory Application (IA) has been filed in the Supreme Court to seek exemption of Army from the provisions of Forests Conservation Act (FCA) 1980 and Wildlife Protection Act (WPA) 1972 for roads being constructed within 50 Kms. from the borders. The matter is subjudice.

(c) **Rotary Wing Air Effort** BRO has leased helicopters from Pawan Hans Helicopters Ltd. for provision of air effort in Arunachal Pradesh for a period of one year.

(d) **BRO Capacity Enhancement** Case has been taken up with BRDB Secretariat on following issues:—

(i) Provision of new plant and equipment to BRO at the earliest,

(ii) Purchase of 124 bridges to enable earlier upgradation of roads in Eastern Theatre.

Initiatives Proposed to be Taken

The following initiatives are proposed to be taken to increase the pace of road construction:

(a) **Funding** Availability of sufficient funds to be assured especially for the three strategic rail projects in North East.

(b) **Forest/Wildlife clearance** Draft Infrastructure Bill providing statutory exemption for strategic projects being moved by MHA needs to be expedited.

(c) **Rotary Wing Air Effort** Leasing of helicopters by BRO from Pawan Hans. Helicopters Ltd. to be extended to Uttarakhand.

(d) **Capacity Enhancement** There is a need to enhance the capability of BRO by the following measures:—

(i) Replacing old and vintage equipment as well as by purchasing latest equipment. Although steps in this direction have been taken and BRO is purchasing plant and equipment worth approx. Rs. 200 crore, the same

needs to be continued in the years to come. Additionally, procurement of new equipments like crawler rock drill is still pending and needs to be expedited.

(ii) Facilitate faster decision making and quicker execution of projects by greater delegation of powers to DGBR and CEs (P). BRDB Secretariat needs to provide an enabling environment to BRO to facilitate quicker execution.

Rail construction plans Three strategic railway lines are proposed to be constructed in the North-East. Details are as under:—

Railway line	Status
(a) NLP–Along–Silapathar	Survey completed. Report forwarded to Railway Board.
(b) Missamari–Tawang	Survey sanctioned. To commence shortly.
(c) Murkongselek–Pasighat–Rupai	**Murkongselek to Pasighat** Proposal to declare this stretch as a National Project endorsed by Planning Commission Rs. 165 crore allotted. Pasighat—Rupai Survey for this stretch sanctioned. Yet to be carried out.

Infrastructure Development The operationally critical infrastructure including Permanent Defences (PDs) along Line of Actual Control are being executed through operational works and development of other infrastructure including Key Location Plan (KLP) through Defence Works Procedure (DWP).

Habitat A total amount of Rs. 128.90 crore has been allotted for development of habitat, till date (out of operational works funds allotted to Eastern Command under Revenue Head). Further, an amount of Rs. 20.21 crore has now been allotted through Capital Outlay approved by the CCS. The funds allotted will be fully utilized by March 2011."

1.76 On the present status of forest/wildlife clearances, the Ministry has stated as under:—

(i) There are 113 forest/wildlife clearance proposals in respect of high priority roads, out of which 71 proposals have been cleared. Approval in Principle of 12 cases has been accorded, 2 cases yet to be submitted, forest clearance for 11 cases is

not required. 17 cases are still pending with various authorities.

(ii) In addition to above, 315 forest/wildlife clearance proposals in respect of other strategic roads, out of which 79 cases have been cleared, Approval in Principle of 56 cases has been accorded, and forest clearance for 4 cases is not required. 176 cases are still pending with various authorities.

1.77 On the number of cases pending for more than one year, the Ministry supplied the following information:—

"17 Nos. of cases in high priority roads and 105 Nos. in other strategic roads are pending for more than one year."

1.78 On the initiatives taken to put the procedure with regard to forest and wildlife clearances on the fast track, the Ministry has stated as under:—

"(a) Single window system has been put in place at three levels – Central Government, State Government and District level to fast-track forest clearance cases.

(b) A simplified format has been prepared for processing of both forest clearance and wildlife clearance cases.

(c) The MoD has filed two IA's (IA 2626 and IA 2642) in the Hon'ble Supreme Court for exempting strategic roads from purview of FC Act 1980 and payment of charges to that effect.

(d) The Ministry of Home Affairs has also proposed to introduce a Bill in the Parliament to exempt strategic infrastructures on the Borders.

(e) SS(A), MoD also takes quarterly meeting with State Governments to monitor and expedite the forest clearance cases."

During the oral evidence, Defence Secretary informed the Committee as under:—

"Sir I will first respond to the 73 Indo-China roads and also about the other general staff roads. As you are kindly aware, China has been building its infrastructure. They have the advantage of the topography also because they have the Tibetan plateau whereas from our side, the terrain and the geography are far more difficult. Therefore, these roads have been assigned the highest priority in

the Government. But there were issues of land acquisition, there were issues of getting the forestry and wildlife clearance. Then, there were also issues about many of these roads are built in areas where there is no way of reaching those particular stretches. So, not only that the men have to be lifted but also the equipment has to be lifted through helicopters. Therefore, the rotary effort is also required. The other difficulty is that there is a working season. You cannot really do it round the year. So, basically, a lot of efforts have been made. It is being monitored at the level of the Cabinet Secretary. We also monitor it and the Raksha Mantri is also monitoring it. While the progress no doubt in percentage terms has not been satisfactory, but a number of initiatives have been taken. If you look at the past, there has been a significant progress during the last year. One thing which is assured by the Finance Ministry is, and we have assured to the BRO, money is not a constraint. Actually, when the Standing Committee had taken a detailed review of BRO, then a number of good suggestions have also been made."

1.79 On the rotary capability of the Air Force, BRO and progress of work, he further informed the Committee as under:—

" As far as Rotary effort is concerned, two things have been done since we last met. One is that we had committed a large number of helicopters for UN operations in UN Missions abroad. Then, a decision was taken at the Government level that domestic needs have a priority over supplying the helicopters abroad. Therefore, we have got some helicopters from abroad. Now, they are under RoH and they will become available for us for the rotary effort. Plus, what has also been done is that Pawan Hans has been engaged also. Therefore, we had recently taken a review. In fact, BRO said, whatever load they have, they have a certain type of load to go in certain sequence that is being lifted by Pawan Hans. So, we have contracted Pawan Hans also. We are getting the helicopters from abroad also so, the rotary problem, the lift problem, to a certain extent, have been resolved. But there are other issues also of forest and wildlife clearance where also a number of clearances have been obtained and the Ministry of Environment and Forests is supporting us. But the actual feasibility on ground of getting the equipment, etc. will take some time for it to be visible. A lot of effort is going on in trying to build these roads. Therefore, while the progress may not be to the satisfaction but recruitment is being made in BRO. We have said that the number of people being recruited is also very significant. We have relaxed the rules. We have requested the UPSC to make special recruitment. So, the effort is there. We have listed various kinds of initiatives that are being

taken. I do share your concern that this is a priority area and we recognise that.

..... Environmental clearance is the main issue.

This is a high priority area. This has been monitored at every level in the Government because we ourselves are concerned with it. I take note of this concern. We will further try to see that this programme gets due attention. I would only like to add that funding is not a constraint. On manpower, I would submit that we have told the BRO that whatever equipment it might require, it could go ahead and buy it. We have no hesitation in saying that it may recruit the people, buy the equipment and see that this work gets done in a time-bound manner."

CHAPTER II

ARMY

Primary role of Army is to preserve national interests and safeguard sovereignty and territorial integrity against external threats by deterrence or by waging war. As its secondary role Army has to assist Government agencies to cope with 'Proxy War' and other internal threats. It also provides aid to civil authority and assists in disaster management when requisitioned. It also undertakes UN peacekeeping operations and renders military assistance.

Budgetary Allocation

2.2 Details of proposed allocation BE, RE and actual in respect of Army for the first four years of the Eleventh Plan alongwith the proposed and BE allocation for the year 2011-12 are as follows:—

(Rs. in crore)

Year	Projected BE	BE Allocated	RE	Actual Expenditure
2007-08	49809.00	45316.54	45432.26	45803.35
2008-09	54862.22	49228.23	59058.57	57676.91
2009-10	83284.84	76117.23	70161.79	75228.00
2010-11	83867.64	74019.95	75582.99	63615.43*
2011-12	102962.17	82820.49	-	

* Upto Feb., 2011

2.3 On the areas where compromises have been made or likely to be made due to the reduced budgetary allocation against the projections made by the army the Ministry submitted as under:—

> "As far as the revenue budget is concerned, after providing for pay and allowances and other obligatory payments, the remaining allocation is made for purchase of ordnance and other stores, transportation, revenue works and maintenance, new raisings, ECHS and other miscellaneous expenditure, etc. All of these may be impacted by reduced allocation.

As regards capital budget, reduced allocation may impact acquisition of land and capital works to varying extent. Prioritization of modernization schemes may also have to be reviewed in the light of available allocation."

2.4 The Ministry submitted the following data regarding allocation made to army under capital and revenue heads:—

Army Budget

(Rs. in crores)

FY	Defence Budget	Capital				Revenue			Total	
		Allocation	Percentage	Expenditure	Percentage	Allocation	Percentage	Expenditure	Allocation	Percentage Expenditure
2007-08	96000.00	11634.18	12.12	11929.77	12.43	33682.36	35.09	33873.58	45316.54	45803.35
2008-09	105600.00	13331.48	12.62	10623.10	10.06	35896.75	33.99	47053.81	49228.23	57676.91
2009-10	141703.00	18019.94	12.72	14803.20	10.45	58097.29	41.00	60424.80	76117.23	75228.00
2010-11	147344.00	17250.84	11.71			56769.11	38.53		74019.95	
2011-12	164415.49	19210.69	11.68			63609.80	38.69		82820.49	

2.5 On the capital acquisition made from indigenous sources and capital goods imported during each year of the Eleventh Plan (Service wise), in respect of army, the Ministry submitted the following:—

(Rs. in crores)

Year	BE	RE	Expenditure/Procurements		
			Indigenous	Foreign	Total
2007-08	6937.20	6224.20	3838.87	2856.66	6695.53
2008-09	7607.67	5740.03	3516.43	1863.47	5379.90
2009-10	9821.07	6254.35	7156.21	1003.67	8159.88
2010-11	8876.88	7433.23	2253.54	739.52	2993.06
2011-12	10740.02				

Note: Expenditure figures for 2010-11 are upto February, 2011.

Shortage of officers and the present system of selection

2.6 On the authorised and held strength of officers in the Army since last three years, the Ministry submitted the following

statistical information:—

Year	Authorised Strength	Held Strength
2008	46614	35228
2009	46614	35158
2010	47874 (Accretion of 1260 officers for infrastructure development in NE)	35516

2.7 The Ministry has also informed that following specific measures have been taken to bridge the gap between authorised and existing strength:—

> "The Ministry has been continuously taking steps to address the issue of shortages of officers. Important steps already taken in this regard include implementation of recommendations of AV Singh Committee (phase I), whereby all officers including Short Service Commission officers are now eligible for substantive promotion to the rank of Captain, Major and Lt Col after 2, 6 and 13 years of reckonable service, upgradation of a total of 750 posts of Lieutenant Colonels to Colonel's rank; Increase of the tenure of SSC officers from 10 to 14 years; Upgradation of a total of 1896 additional posts in the ranks of Colonel, Brigadier, Major General and Lieutenant General (and equivalent) in the three Services towards implementation of AV Singh Committee (phase II); Implementation of the recommendations of the VI Central Pay Commission with substantial improvements in the pay structure of officers of Armed Forces etc.; Reduction in the qualifying service required for promotion as Colonel to 15 years as against 20 years earlier. Construction of additional family accommodation through Married Accommodation Project (MAP) to provide secure living environment; Opening of professional education institutions for wards of Armed Forces personnel etc."

2.8 During the oral evidence, Defence Secretary informed the Committee as under:—

> "On the shortage of officers, *** *** *** army has taken a number of steps. But the most important thing is that the attractiveness of the Service has improved because of the Sixth Pay Commission package that has been given, which has made the defence services as such more attractive to our youth. We have also tried to have special campaigns to attract people to the Armed Forces. Unlike the Western countries where there is a difficulty in getting even the soldiers, in India that is not a problem. ....the

problem is limited to the officer class and it is partly because of the economy of this country improving and a wide variety of opportunities are available now to the Indian youth.

So, we have tried to make it more attractive. We are trying to make Short Service Commission more attractive and I think this time in the NDA, the response has been much better but it is an ongoing exercise as to how to attract the youth and this is something we hope to address.

One major thing that has been done is that the number of seats of NDA has been increased so that more people can be trained and a new OTA at Gaya is being established."

Selection procedure of Officers in Armed Forces

2.9 The following information about the selection of Officers in army was made available to the Committee:—

"Officers in army are selected through written examination conducted by UPSC followed by SSB. The procedure of selection of officers started in February, 1943. In 1948, the Government of India decided to examine this system and appointed an Experts Committee, (The Ghosh Committee) for the purpose. This committee recommended that the current system was sound but needed improvements and modifications which were to be effected by a research organisation and therefore, the Psychological Research Wing (PRW) came into being which, by August, 1962, developed into a Directorate of Psychological Research. The only major modification introduced till date was the elimination of the interview by a Psychiatrist. So far, this system of selection has been able to cope with the requirements of the country. A desired standard of quality has been maintained and the wastage rate at the Academies is within acceptable levels.

Under the current system, selection of officers is done through Service Selection Boards. The technical guidance to all the Boards and training of personnel employed on selection duties is provided by the Defence Institute of Psychological Research. The complement of assessors at each Board consists of technically trained and experienced Service Officers as well as civilian Psychologists.

For UPSC entries the candidates volunteering for entry into the Armed Forces Officers cadre are first screened by the Union Public Service Commission on their academic proficiency through a written

examination and those who qualify, appear before the Services Selection Boards. During their five days stay in these Boards from the time of arrival to dispersal, they are put through a series of psychological, Group/Command Tests and Interviews. Each candidate is awarded marks on the basis of his initial performance with each, assessor, as well as at the final conference of the Board on the basis of information revealed by all the three assessors. The final list of merit is made out by pooling the results of written test and SSB interview. In addition, the three services have a few non UPSC entries. The eligible candidates for these entries are short listed by respective services through written examination or by fixing cut off percentages in qualifying exams. The short listed candidates are put through the same psychological tests as are done in case of UPSC entries."

2.10 On the changes noticed by the Ministry in the psychology of candidates over the years, the Ministry submitted the following information:—

"The psychology of the candidates is reflective of the broader changes in the society and as such has been mirroring the societal changes with time".

2.11 When enquired about the criteria of selection of officers by the British, the US, German, French, Israeli armies, the Ministry submitted the following:—

"The selection procedure of most of the Armies of the World is generally on similar lines, but with some differences in the criterion of selection."

2.12 When asked about the study conducted to improve the system of selection of officers by DIPR and other institutes, the Ministry in its written reply submitted as under:—

"A study to improve the system of selection of officers entitled 'Development of a de-novo selection system to meet the challenges of non-conventional warfare' is in progress at DIPR."

2.13 On the main reason for non-selection of aspirants in various academies to become officers, the Ministry enlightened the Committee as under:—

"The main reasons of non-selection of aspirants in various academies to become officers, is their inability to match the set parameters of selection during the selection procedure."

Modernization of Army

2.14 In response to a question about outlay allocated and spent on the modernization of army during 11th plan period, the Ministry submitted the following information:—

(Rs. in crore)

Year	BE	RE	Actuals
2007-08	6937.20	6224.20	6695.53
2008-09	7607.67	5740.03	5379.90
2009-10	9821.07	6254.35	8159.88
2010-11	8876.88	7433.23	2993.06*
2011-12	10740.02		

* upto Feb., 2011

2.15 When asked about the status of utilization of outlay during 2010-11, the Ministry informed as under:—

> "As on 11 April, 2011, expenditure to the tune of 101.32% *vis-à-vis* the modified appropriation of Rs. 7023.23 crore for the 2010-11 has been compiled in respect of Army, which implies full utilization of the amount finally allocated to Army."

2.16 On the present deficiencies of equipment, efforts to obtain optimal level of operational readiness, estimated time taken by the Ministry to fill the gaps and provisions have been made in the Demands for Grants of the Ministry for the year 2011-12, the Ministry submitted the following information:—

> "The Army remains in a State of readiness to meet any eventuality. Deficiencies occur from time to time due to obsolescence and normal wear and tear. Regular rotation and maintenance of equipment is planned for in terms of procurement through the capital/revenue route to ensure operational readiness.
>
> The Indian Army modernization plans are based on developing 'Force Capabilities' as per the enunciated National security requirement. Modernization plans encompass force modernization and the development of critical combat capabilities, besides overcoming obsolescence in core capabilities in consonance with the Defence Capability Development Strategy.

Some noteworthy inductions that have materialized in the last three years and which are under consideration over the next three years are as under:—

(a) Induction of the latest state-of-the-art tanks such as T-90 and MBT Arjun. These include measures to progressively enhance the lethality of tanks, especially by providing night fighting capability.

(b) Consolidation and enhancement of long range and precision fire power through induction of SMERCH, BrahMos and Pinaka rocket systems.

(c) Induction of heavier artillery guns, e.g., medium guns of 155mm caliber.

(d) Improved battlefield transparency by induction of camera mounted Unmanned Aerial Vehicles (UAVs).

(e) Augmentation of Air Defence capability with medium range (MRSAMs) and short range (SRSAMs) anti-aircraft systems to meet threat in the Tactical Battle Area.

(f) Modernization of Army Aviation with induction of variants of Advanced Light Helicopters and simultaneous replacement of Cheetah/Chetak Helicopters.

(g) Enhanced battlefield mobility through induction of Modular Bridges and denial of the same to the adversary through increased mine laying capability.

(h) Modernization of infantry to include:—

  (i) Enhanced lethality of Infantry Battalions in terms of Anti Tank (MILAN 2T) and Anti material capability.

  (ii) Enhanced night fighting capability of Infantry Battalions by providing Hand Held Thermal Images (HHTI), Night Sights for personal/crew served weapons.

  (iii) Personal protection to Infantry soldiers in terms of light weight body armour and bullet proof helmets.

(i) Logistic. Modernization of selected Central Ordnance Depots, establishment of Overhaul facility and procurement of critical rolling stock.

(j) Infrastructure Emphasis has been on Northern borders, besides upgrading critical mobilization capability.

As per timeline laid down under the Defence Procurement Procedure, it takes approximately 2-3 years for fructification of a scheme *i.e.*, from the time a proposal is mooted to the time when the acquisition actually commences.

Sufficient provision have been made in the Demand for Grants of the Ministry of Defence for the year 2011-12 for procurement of weapons and equipment for modernization of Army."

2.17 On the plans of Army with regard to its modernization and achievement of objectives, the Ministry submitted the following information:—

"The modernisation plans for the Army encompass force modernisation and development of critical combat capabilities besides overcoming obsolescence in core capabilities in consonance with the Defence Capability Development Strategy. The thrust areas include battle field transparency, night fighting capability, enhanced firepower, integrated manoeuvre capability and network centricity. The funds allocated for the purpose of modernisation have been utilised satisfactorily during the current plan period."

2.18 On the modernization of training centres to train the soldier, the Ministry informed as under:—

"All the training centres are being equipped with simulators and other modern facilities to train soldiers, but presently these do not cover all the disciplines of training. As modernisation is an ongoing process to keep pace with the advances in military technology and training imperatives, efforts are on to equip all the training centres with the required training aids. In addition, Simulator Development Division, Secunderabad has been established in Army to facilitate induction of simulators through in-house development or procurement ex-trade. Also, simulators are now being procured along with the New Generation Equipments being inducted."

Missiles and Missile Defence System

2.19 On the types of missiles which have been handed over to the army, their effectiveness and whether they are imported

or indigenously developed, the Ministry submitted the following information:—

(Rs. in crore)

Sl. No.	Nomenclature	Qty. Held	Maximum Range	Import/ Indigenous	Cost of Missile Weapon System
(a)	Kvadrat	590	25 Km	Import	156.97
(b)	OSA-AK	1088	10 Km	Import	76.74
(c)	Strela-10M	991	5 Km	Import	66.94
(d)	Igla-1M	3822	5 Km	Import	4.39
(e)	Tunguska	627	5 Km	Import	3842.76
(f)	Strela-2M	643	5 Km	Import	0.25

"The missile system held by Artillery is the BrahMos Supersonic Cruise Missile System, developed by BrahMos Aerospace Private Limited in a Joint venture formed by DRDO (India) and NPOM (Russian Federation). The BrahMos missile has a maximum range of 290 kms. The induction of this missile system is on going."

2.20 When enquired about the development of an effective missile defence system to prevent any attack on Indian soil, the Ministry submitted the following information:—

"The Army is equipped with various missile defence system to counter any attack on Indian soil. Army Air Defence is further taking major strides in upgrading its gun and missile systems. The procurement of the Akash Missile System is at an advanced stage of fructification. Upgradation of Self Propelled Air Defence Gun Missile System, Schilka Gun System and L70 Gun are also in process.

The missile system compares favourably with those developed by advanced countries."

Sainik Schools

2.21 Sainik Schools were established in 1961 as joint venture of the Central and State Governments. These are under the overall governance of Sainik Schools Society. The objectives of Sainik Schools include bringing quality public school education within the reach of the common man, all round development of a child's personality and to remove regional imbalance in the officers' cadre of the Armed Forces. The Sainik Schools

prepare boys academically, physically and mentally to join Armed Forces through the National Defence Academy (NDA). Sainik Schools are wholly residential schools run on public school lines. All the Sainik Schools are also members of the All India Public Schools Conference. Sainik Schools admit boys in Classes-VI and IX on the basis of an all India entrance examination. Class-XI boys are admitted on the basis of their board results. They offer a common curriculum and are affiliated to the Central Board of Secondary Education, New Delhi and follow the 10+2 pattern of education. The schools impart instructions in English medium although knowledge of English is not a pre-requisite for admission. There are at present only 24 Sainik Schools in the country and NCC is compulsory upto Class–XII. 67% of seats are reserved for boys of the State where the school is located. The balance 33% is kept for outside State quota. 25% seats in these schools are reserved for children of service personnel including ex-servicemen. 15% of seats are reserved.

2.22 During oral evidence, on the financial liability, if the fee is not charged from the students/cadets who come from the poorer section, the Defence Secretary stated as under:—

> "Sir, the States are giving scholarship and the Centre is also giving scholarship in many States. We will work out how much is the liability if the fees is taken away. ....this matter had been raised last time also by this Committee that perhaps the Centre should take the entire burden of Sainik Schools. This issue has been deliberated at length within the Ministry. Some of the States where we have a large number of ex-servicemen and tradition of sending families to the military — States like Uttar Pradesh, Himachal Pradesh, Punjab and Haryana, they are regular in paying the contribution for the Sainik Schools. In some other States the performance is not good. But the thing is that it was felt that the States should be involved in the process. It is a question of partnership with the States. It is only a question of Rs. 50 or Rs. 60 crore. If you get something free, you do not value it. Therefore, a *bhagidaari* was there and consciously we have increased it. If you know it was 50:50 and now in some States, the Centre's share has been increased to 60 per cent. "

Jawans as Sahayaks to Officers

2.23 On the duties of Sahayaks to officers, and on the action taken by the Ministry on recommendation of the Committee in their fourth report on Action Taken by the Government on the recommendations contained in the Thirty-first report on 'Stress Management in Armed Forces' to stop the colonial practice of utilizing the services of Jawans

as Sahayaks to officers in the Army, the Ministry submitted the following:—

> "Sahayak is a Comrade-in-arms to Officers/JCOs symbolizing trust, respect, warmth, confidence and interdependence, which are the fundamentals of relations between the leaders and the led. He is a trained soldier who in addition to his duties provides the essential support to authorized officers and JCOs, both in peace and war to enable them to fully attend to their assigned duty. He also provides leaders a direct contact with men and thus enables officers and JCOs to gain an insight into the State of morale and well being of men. The rapport between officers and Sahayak has lead to enhancement of *spirit-de-corps* in a unit which is vital during war and peace. In effect, the Sahayak forms a strong pillar of the regimentation culture in the Army, wherein an officer who often belongs to a different community and region than the troops, merges with them shedding his own identity.
>
> It has always been the endeavour to educate all ranks and ensure proper utilization of Sahayaks. Scrapping/abolition of the practice of employment of Sahayaks will not be in the organizational interest. Sahayaks need to be retained to build the rapport to maintain excellent officer-man relationship which would stand in good stead in combat as well as in peace. This is essential for units, as unlike in other organizations regimentation is an extremely important facet of the army and needs to be nurtured for optimizing effectiveness. While the Army operates under rugged conditions, including difficult terrains and isolated posts where camaraderie is the hallmark of relationship, the Navy and the Air Force operate from organized bases. Comparison of the Army with Navy and Air Force in this respect is not appropriate as the service conditions and operational requirements of the Army are of an entirely different nature.
>
> A Sahayak has clearly defined military duties and forms an integral part of the organization structure of a unit and has specific functions during war and peace. A large proportion of our Army is deployed for operations in the field areas. Field formations located in peace areas are required to be in a high State of readiness for operation deployment at a short notice. During training, exercise and operations, unlike in the Navy and Air Force, due to the peculiar conditions of service, the Sahayaks assist the officers in communicating on the radio, delivering messages, erecting shelters, and when isolated in operations and other similar conditions. In operations, the army functions in teams of two personnel each.

Every sub unit has earmarked teams wherein the two individuals function as a well knit team. One covers the movement of the other and protects him in operations. Support has to be total—mental, physical and moral. The officer/JCO and his Sahayak thus become a team; it is essential that in peace time a team spirit and personal equation is allowed to develop between the two. The provision of this facility is essential in the Army for leaders to carry out their assigned tasks effectively. It is a relationship based on faith, respect for each other where laying down own life for the other is quite a norm. This cannot be developed instantaneously and deserves to be built up over a period of time.

It is reiterated that Sahayaks are attached to regular Army units and are provided proper living accommodation and messing facilities. The officers to whom these Sahayaks are attached ensure such facilities are arranged for. Sahayaks being combatants are not utilized for a job which is not in conformity with the self respect and dignity of soldiers. It is, therefore, the assigned duty of all officers/JCOs and commanders in chain to ensure that strict checks are in place to prevent misuse of Sahayaks and any violation of existing instructions and guidelines are severely dealt with. Strict instructions have been laid down and it is the duty of all commanders in chain to ensure that Sahayaks are not deployed on any humiliating or demeaning jobs. A copy of Instructions issued to the environment last year, *vide* AG Branch note No. B/32099/AG/PS 2 (c) dated 01 May 2009 is enclosed as **Annexure**."

2.24 During the course of deliberations, the attention of the representative of the Ministry was drawn to the para 7 of the aforesaid Annexure, the following information regarding Sahayaks is mentioned:—

"It has always been the endeavour to educate all ranks about proper utilization of Sahayaks. Scrapping/abolition of the practice of employment of Sahayaks will not be in the organisatonal interest and was even not commented upon as such in the Report of the Standing Committee. It is therefore recommended that Sahayaks be retained to build the rapport to maintain excellent officer-man relationship which would stand in good stead in combat and also peace. This is essential for units, as unlike in other organizations regimentation is an extremely important facet of the Army and needs to be nurtured for optimizing effectiveness. Comparison of the Army with CPMF in this respect is not appropriate as the service conditions and operational requirements of the Army are of an entirely different nature."

2.25 The Committee in their reports have constantly been recommending to stop the practice of Sahayaks in army. The aforesaid comment of the AG is not in conformity with the recommendation of the Committee. On this particular issue, the Defence Secretary apprised the Committee as under:—

> "We have taken note of this because this is an internal instruction and we will find out as to how this instruction has not been correctly interpreted. We will get back to you."

WELFARE OF EX-SERVICEMEN

Pension to ESM who retired during pre-independence period

2.26 The Committee were informed about the plight of Armed Forces Personnel who retired pre-independence period and living in poor conditions. The Ministry was asked about pensionary benefits being given to them. In its reply, the Ministry has stated as under:—

> "Grant of pay/financial assistance to WW-II Veterans was looked into by a Committee on Problems of Ex-Servicemen, headed by the then Addl. Secy in 1993. The matter was again considered in the year 2003 but no recommendation regarding grant of minimum pension to WW-I and II Veterans was made as they rendered only 2 to 6 years service in British Indian Army.
>
> Ex-servicemen with service less than 15 years are not entitled to pension as it is a mandatory requirement for a PBOR to render 15 years and for a commissioned officer 20 years qualifying service, to earn pension. Minimum qualifying service is an essential criterion for pension in the Government and no change in the existing policy is contemplated.
>
> Pension cannot be given without linkage to a minimum period of service, otherwise it would radically alter the concept of pension itself. However, Governments of States/UTs were approached by the Department of Ex-Servicemen Welfare for enhancing the financial assistance to a minimum level of Rs. 3000/-p.m. Some of the States have considered this request favourably and have increased the same. Some States/UTs are giving Rs. 3000/- or more per month. The amounts differ from State to State depending upon its financial resources.
>
> As a result of efforts of the Department, some States/UTs have enhanced the financial assistance during the last 2 years."

2.27 On availability of data regarding Armed Forces Personnel who retired pre-independence period, in its reply, the Ministry has stated as under:—

> "As per data made available from the States/UTs, there are 43,362 WW II veterans. These veterans qualify for financial assistance and amount differs from State to State depending upon their resources."

Benefits to War Widows

2.28 The Committee while examining the Demands for Grants of the previous year had noted that the Government has not maintained any data with regard to war widows and disabled soldiers who had laid down their lives and disabled pensioners who had lost their limbs to safeguard their nation, even though certain benefits are being provided to them. The Ministry in the action taken note has stated that action is in progress for getting the data of disabled/war disabled pensioners and as a result of concerted efforts made some data in respect of disabled/ war disabled pensioners has been received. However, while examining Demands for Grants 2011-12, the Ministry was asked to inform about existing status with regard to the maintenance of data, the Ministry in its written reply submitted as under:—

> "Process of collection of data is in progress. Some data has been reported by PCDA(P), Allahabad right from 1951 onwards. This data, however, does not include the data relating to Air Force and Navy after 1985. The data is under consideration in consultation with CGDA. Further progress will be reported to the Committee as early as possible."

2.29 On the existing amount to pension being paid to war widows and for proposal to increase, the Ministry submitted:—

> "The existing amount of pension being paid to war widows is last pay drawn of the deceased soldier and the same varies from person to person. Therefore, the existing amount of pension being paid to war widows cannot be indicated. No proposal for increasing the pension further is contemplated."

Facilities to Medal Winners

2.30 The concessions and monetary compensation granted to the recipients of the Sena Medal for gallantry *vis a vis* the recipients of Police Medal for gallantry bear no correlation to their *inter-se* placement in the Order of Precedence of Wearing Medals and Decorations promulgated

by the Government. The documents available on GOI websites confirm this:—

(a) Order of wearing medals promulgated by GOI places the President's Police Medal for Gallantry at Serial 17, Sena Medal for gallantry at Serial 22 and Police Medal for Gallantry at Serial 24.

(b) MHA Notification spelling out concessions for Police Medals for gallantry reveals that awardees of Police Medal for gallantry get 75% discount in basic fare from Indian Airlines, free 2nd AC Sleeper travel with a companion and a monetary allowance.

(c) PCDA Letter brings out that the monetary allowance for Sena Medal is nearly half of that for Police Medal.

(d) There are no other concessions either by Railways or by Indian Airlines, as are available to the recipients of the Police Medal for gallantry, to the recipients of Sena Medal/Nao Sena Medal/Vayu Sena Medal for gallantry.

2.31 The Ministry informed about this discrepancy of facilities and the action taken/proposed to be taken by the Ministry to make awardees of Sena Medals atleast at par with that of Police Medal winners as per the following details:—

"It is a fact that Sena Medal is ranked higher in the Order of Precedence than Police Medal for Gallantry. Although awardees of Police Medal for gallantry have been allowed 75% concession on basic air fare by Indian Airlines, and free 2nd AC/Sleeper travel along with a companion by Railways, no such concession has been extended to Sena/Nao/Vayu Sena Medal awardees by the Air India/ Railway Board."

2.32 The following actions have been taken by the Ministry in this regard:—

"(a) The Ministry's proposal for enhancement of monetary allowance attached to Gallantry Awards including Sena Medals has been approved by Ministry of Finance. The enhanced rate is now 1000 as against 500 earlier.

(b) The Ministry has taken up the matter regarding parity in rail concessions with the Railway Board.

(c) A proposal for granting Air Concession to left out categories of awardees including Sena/Nao/Vayu Sena Medal awardees is also under consideration."

CHAPTER III

ORDNANCE FACTORIES

The Ordnance Factories Organization is the largest and oldest departmentally run production organization in the country and is engaged primarily in the manufacture of Defence hardware. The organization functions under the Department of Defence Production and Supplies and is a dedicated facility for manufacture of Weapons, Ammunitions, Vehicles (Armoured and Transport), Clothings, General Stores and Equipment for Defence Services.

3.2 Defence production is highly specialized, complex and poses unique challenges to make it safe, reliable, consistent in quality and capable of operating under varying terrains as well as climates and under extreme conditions. Accordingly, the technologies applied, which cover a wide spectrum of engineering, metallurgy, chemical, textile, leather and optical technologies, ensure high quality and productivity, apart from meeting the primary objective of self-reliance.

3.3 Apart from supplying to Armed Forces, wherever adequate capacities are available, the Ordnance Factories also fulfil the requirements of Paramilitary and Police Forces/Ministry of Home Affairs (MHA), Civil Trade and foreign customers.

3.4 There are 39 Ordnance Factories geographically distributed all over India at 24 different locations. There are 10 factories in Maharashtra, 8 factories in U.P., 6 factories each in Madhya Pradesh and Tamilnadu, 4 factories in West Bengal, 2 factories in Uttaranchal, and one each in Andhra Pradesh, Orissa and union territory of Chandigarh. The 40th factory is being set up with State of the art technology at Nalanda, Bihar. The oldest one is Gun and Shell Factory, Cossipore, Kolkata, which was set up in 1801.

3.5 On the issue of exports made by Ordnance Factories during each year of Eleventh Plan alongwith the details of the equipment/products

exported to different countries, in its reply the Ministry has stated as under:—

Year	Value	Sl. No.	Country	Item
1	2	3	4	5
2007-08	Rs. 27.44 crore	1.	USA	Bolt Action Rifle
		2.	Kenya	105mm Ammunition
		3.	Oman	Cartridge 14.5mm Ata
		4.	Malaysia	Spare Parts 40mm L-70
		5.	Indonesia	Brake Parachute Sukhoi
		6.	Turkey	Cartridge 40mm L-70
		7.	Bangladesh	Demolition Stores
		8.	Australia	Rifles & Spares
		9.	Belgium	Shell 84mm Illuminating
		10.	Oman	Cable JWD-1
		11.	Nepal	Tent Extendable
2008-09	Rs. 41.07 crore	1.	Chile	Cartg 14.5mm Ata
		2.	Belgium	Nitrocellulose
		3.	Israel	Small Arms Ammunition, Barrel & Magazine
		4.	Malaysia	40 mm L-70 Gun Spares
		5.	Egypt	Nitroguanidine
		6.	Belgium	84 mm Aluminium Cartg
		7.	Sri Lanka	40 mm L-70 Gun Barrel
		8.	Indonesia	Cartg 30mm Prac tice Aden
		9.	Botswana	105 mm Ammunition
		10.	Oman	Cartg 14.5 mm Ata
		11.	USA	Magazine 9 mm Pistol
		12.	Singapore	Cartg 5.56 mm & Barrel
		13.	Saudi Arabia	Gun M/C 7.62 mm Mag
		14.	Thailand	Cartg 5.56 mm Ss109
		15.	Belgium	Fuze 84 mm
		16.	Oman	Cable JWD-1
		17.	Kenya	Ammunition 84mm, 105mm
		18.	Turkey	Tetryl
		19.	Singapore	40 mm L-70 Gun Barrel
		20.	Nepal	Demolition Stores
		21.	Singapore	Cartg 40mm L-70 Tpt
		22.	Nepal	Spare Parts 5.56 mm

1	2	3	4	5
2009-10	Rs. 12.29 crore	1.	Belgium	84 mm Al Cartg Cases
		2.	Singapore	40mm L-70 Gun Barrel
		3.	Malaysia	Cord Det, 3 PDR Blank
		4.	Bangladesh	Fog Signal
		5.	Malaysia	Spares 40 mm L-70
		6.	Botswana	Rocket 84 mm
		7.	Nepal	Demolition Stores
2010-11	Rs. 35.70 crore (upto Feb.'11)	1.	Indonesia	Brake Parachute Sukhoi
		2.	USA	Cartg 5.56 mm SS 109
		3.	Oman	Brake Para Jaguar
		4.	Oman	Cable JWD-1
		5.	Israel	Cartg 5.56 X 45 mm Insas
		6.	Italy	AK 630 m
		7.	Bangladesh	Fog Signal

3.6 On the steps being taken by the Ministry to modernize its Ordnance Factories and the proposed allocation to be spent on the modernization, the Ministry submitted as under:—

New initiatives have been taken for modernization by inducting state of the art technology. Steps taken to modernize Ordnance Factories are as under:—

(i) Continuous modernization of production facilities is one of the thrust areas of OFB.

(ii) The scope of modernization has been enlarged to include the following:—

- Demand for Higher Quality and Reliability
  - Quality Management System
  - Transparency
  - Technology up-gradation
  - Availability of trained manpower
- Fast Response
- Flexibility in Manufacture
- Cost Effectiveness
- Safety
- Pollution Control

(iii) Acquisition of P&M under Renewal and Replacement (R&R): Old P&M which have are beyond economical repairs are covered under the R&R

(iv) Acquisition of P&M under New Capital: The plant and machinery are acquired for capacity augmentation of current products, manufacture of new products and for bridging the deficient areas of technology for the current product mix.

(v) Modernization of Civil Infrastructure.

(vi) A Comprehensive Long-term Modernization Plan covering Plants and Civil Works has been prepared by each Ordnance Factory and is under finalization.

(vii) The details of expenditure incurred on modernization of Ordnance Factories during last five years are as follows:

(Value in Rs. crore)

Year	Expenditure incurred on modernization
2005-06	438.07
2006-07	359.08
2007-08	364.23
2008-09	627.23
2009-10	492.61

Export of Defence equipment

3.7 On the total revenue earned through export of defence equipment for the last five years and steps being taken by the Ministry to increase the exports, the Ministry submitted the following data:—

2005-06	Rs. 322 crores
2006-07	Rs. 429 crores
2007-08	Rs. 223 crores
2008-09	Rs. 442 crores
2009-10	Rs. 182 crores
2010-11	Rs. 197 crores (provisional)

3.8 The following steps are being taken to further expand the export market of defence products:—

(i) Product demonstration in international defence exhibition.

(ii) Building up brand equity by association with leading partners.

(iii) Direct periodic interactions with the target customers.

(iv) Extending the Line of Credit (LoC) to various other countries.

(v) With the offset opportunities, interaction is being made with the major Companies for enhanced cooperation in the identified areas.

CHAPTER IV

AIR FORCE

The Indian Air Force (IAF), have completed more than six decades of dedicated service to the nation. It is a modern, technology-intensive force distinguished by its commitment to excellence and professionalism.

The role of Indian Air Force is:—

- Air Defence of Nation.
- Conduct Operations based on Government Directives.
- Provide Assistance to Civil Administration.

The strategic objectives of Indian Air force are:—

- Deterrence on two fronts.
- Offensive Defensive Posture.
- Effective Air Defence Capability.
- Integrated operations.
- Enhance presence.

4.2 The major development thrust areas of the Indian Air Force as stated by the Ministry are as follows:—

- Increased Surveillance and Automation of Air Defence (AWACS, AEROSTATS & RADARS).
- Enhancement of Strategic Reach (FRAs, Buddy Refuelling PODS).
- Sustaining Combat Force Levels.
- Precision Guided Munitions (PGMs), UAVs and EW Systems.
- Upgradation and Modernization of combat and support squadrons.
- Replacement of Vintage SAM Systems.
- Development of Network Centric Operations Capability.
- Modernization of Airfields and Infrastructure.
- Focus on Training, Simulators and Development of Human Resource.

4.3 The details of the Air force Budget which include allocation, percentage to total budget and the expenditure under both Revenue and Capital heads have been given in Annexure-I. The Demands for Grants of Air Force during the year 2011-12 are for Rs. 46209.98 crore against the allocation of Rs. 40462.45 crore at the previous years. It could be seen from the details that the Capital expenditure of Air Force in absolute term has increased from Rs. 16598.20 crore in 2008-09 to Rs. 18,554.78 crore in the year 2009-10. There has been underspending to the tune of Rs. 2796.74 crore during 2007-08 , Rs. 2673.22 crore during 2008-09 and Rs. 1563.30 crore during the year 2009-10 under Air Force capital head. Air Force Budget as compared to Defence Budget in percentage term decreased during the year 2009-10 to 14.19 as compared to the previous year percentage of 18.25. During the year 2010-11 and 2011-12, said percentage has increased to 17.14 and 18.42. However, if the expenditure position is taken into consideration, said percentage during the year 2008-09 was 15.72 which decreased to 13.09 during the year 2009-10.

The Vice Chief, Air Force during the course of deliberations informed that the target has been fixed to reach a level of 42 squadrons by the end 13th Plan.

Allocation made for Modernization of Air Force

4.4 As per the information made available to the Committee, the allocation made for modernization of Air Force during the Eleventh Plan was to the tune of Rs. 96746.28 crore and the actual expenditure incurred upto 28th February, 2011 is Rs. 60963.51 crore. The Ministry has informed that the balance amount *i.e*. Rs. 35787.77 crore would be spent in the remaining part of the Eleventh Plan.

4.5 When asked the reasons for huge gap between the allocations for modernization and the expenditure met so far, the Secretary during the course of deliberations explained that at the start Five Year Plan is prepared and each year depending on how the spending is made, the Finance Department allocates the funds.

4.6 When asked about the plans and proposal with regard for modernization of Air Force during the Twelfth Plan, the Ministry in the written note submitted:—

> "Modernisation of the IAF is an ongoing process with long gestation periods. Hence, many of the projects already initiated are those that are expected to fructify during the XII Plan. These include the induction of additional Su-30s, LCA and MMRCA fighter aircraft, heavy lift and medium transport aircraft, transport, utility and attack

helicopters, additional radars as well as long range surveillance radars and additional air defence missile systems.

Shortage of Officers, Pilots and Personnel Below Officer Rank in Air Force

Year	Officers		PBOR	
	Establishment	Strength	Establishment	Strength
2009	12179	10867	130990	122317
2010	12215	11166	131174	125763
2011	12221	11403	132382	128760

4.7 As on 2011, Air Force is short of 449 pilots and 369 other officers. In case of Personnel Below Officer Rank (PBOR), the shortage is 3622 and there is shortage of 137 non-combatants (Enrolled).

4.8 With regard to non-Combatants (Enrolled) NCS (E) during 2011, the strength is 10642 as against the sanctioned strength of 10779.

4.9 In a written reply to a query asking about the specific measures taken to bridge the gap between the authorized and existing strength of officers and PBORs in Air Force, the Ministry of Defence stated as under:—

> "In respect of officers, concerted efforts are made by the Government to carry out a proactive publicity campaign to reach the target group across the country, such as (i) participation in career fairs and exhibitions to enhance one-to-one interaction; (ii) Advertisement in print and electronic media including recruitment and career related articles; (iii) motivational lectures in schools/colleges; (iv) distribution of publicity material to target group; amd (v) visuals/ signages at vantage points all over the country at strategic locations. The Short Service Commission for Flying Branch has been modified to make Men eligible for this branch. Earlier only women were eligible for applying or Short Service Commission for flying branch. The implementation of the Government decisions regarding recommendations of VIth Central Pay Commission is also expected to go a long way in attracting youth.
>
> The overall induction of Personnel Below Officers Rank (PBOR) has already been increased over the past few years in order to fill up the deficiencies in the manning and also to absorb additional posts sanctioned by Ministry of Defence. Efforts are also on to induct and train more air warriors to make good the deficiencies through Scheduled Tests and Recruitment Rallies Further, it has

been planned to induct approximately 8300 recruits during the year 2011. The existing deficiency in the PBOR is expected to be made good by March, 2012."

4.10 On the issue of considering the NCC Cadets and Pilots with Civil Licence for recruitment in Air force, the representative of Air force during the course of deliberations clarified that they are studying the aforesaid proposal. But as on today they are not diluting the basic qualification requirements.

4.11 The representative explaining the measures taken to publicise about the qualification required, further added that qualifications have been given on the website and advertisement board have been placed at various places in Delhi, where the details of the website have been given. Not only that they are in touch with eighteen thousand colleges and the information about vacancies at various levels is being provided through letters and other measures.

Accidents of Aircraft in Air Force

4.12 The Ministry in the written note has furnished the accident data of Indian Air Force since 1970. The data indicates that 999 aircraft have met with accidents so far. The detailed analysis further reveal that out of 999 cases of accidents, 12 cases are under investigation. In the remaining 987 cases in as many as 388 cases, the reasons is human error (Aircrew).

"The cause-wise percentage of accidents due to Technical Defect, Human Failure and Bird Hit is appended below:—

Technical Defect	Human Error (Aircrew)	Human Error (Servicing)	Hindustan Aeronautics Limited	Bird Hit
39.5%	39.0%	1.6%	0.6%	9%

[Legend: TD- Technical Defect, HE (A) -Human Error (Aircrew), HE (S) – Human Error (Servicing), HAL–Hindustan Aeronautics Limited. BH–Bird Hit]

Accidents data of MiG Aircraft

4.13 As per the information made available to the Committee 476 MiG Aircraft so far have met with accidents and the remaining fleet is 470 MiG aircraft.

4.14 Elaborating on the high rate of accidents of old technology aircraft, the Ministry in the written note stated that majority of technical

defect accidents pertain to old technology aircraft. Problems associated with vintage technology especially aero engine met function in MiG-21 and MiG-27 are more pronounced.

4.15 When enquired about the rate of accidents of MiG aircraft in other counties, the representative of Air Force during deliberation stated that they have tried to find the rates but unfortunately the other countries do not divulge these rates. Further, on a query regarding the fatality rate of pilots in MiG aircraft, the Secretary stated that the information was not readily available.

4.16 When asked whether the manufacturing county was obliged to give such data, the representative of Air Force added as under:—

> "Unfortunately Russian are extremely reluctant to share certain information.
>
> *** *** *** *** ***
>
> On the MiG-29 also, there have been instances in the past where we have to really come down heavily. We actually struggle to get the information. They are very secretive about what goes wrong with the machine."

4.17 On the issue of phasing out of MiG aircraft, the Secretary during the course of oral evidence submitted as under:—

> "We have got around 470 MiGs and there is a programme of phasing out and inducting new aircraft."

4.18 The Secretary further added:—

> "These aeroplane (MiG) are 40 years old. They have been phased out of the Russian Air Force like MiG-27. We are the only Air force in the world which is flying this aircraft now."

4.19 When asked whether the manufacturing country was obliged to give such data, the representative of Air Force added:—

> "Unfortunately I must confess the Russians are extremely reluctant to share certain information. On the MiG-29 also, there have been instances in the past where we have to really come down heavily. We actually struggle to get the information. They are very secretive about what goes wrong with the machine."
>
> Along with fresh inductions, the IAF has also undertaken upgrade of its existing fleet so as to extend their technical life and maintain

their operational relevance. Contracts have already been signed for the upgrade of the MiG-29 aircraft on 07 March 2008 and for the DARIN III Jaguar aircraft on 21 December 2009. A proposal is also being finalized for the upgrade of the Mirage 2000 aircraft of the IAF.

Fresh inductions coupled with the above upgrades will meet the fighter aircraft requirements of the IAF."

4.20 On the issue of phasing out of MiG aircraft, the Secretary during the course of oral evidence submitted as under:—

"We have got armed 470 MiG and there is a programme of Phasing out and including new aircraft."

4.21 Elaborating on the remedial measures taken to address the issue of accidents, the Ministry in the written note stated as under:—

"Air HQ is seized of the flight safety issue and all efforts are being made to bring the accident rate down. Comprehensive preventive/ remedial measures as mentioned in subsequent paragraphs have been put in place by the IAF to bring down the accident rate.

4.22 The Ministry further explained about the proactive measures taken in this regard.

Some of the initiatives taken by the Ministry are:—

(a) A tour of all major flying stations and Commands is periodically undertaken by Director General (Inspection and Safety) and Assistant Chief of Air Staff (Inspection) to address the core issues concerning Aerospace Safety with key personnel. Remedial measures are implemented promptly on the feed back received.

(b) All the Air Officers Commanding in Chief regularly review the accident prevention programmes of the flying stations under them to ensure safe practices and procedures and identify risk prone and hazardous areas specific to the aircraft fleets and operational environments.

(c) Implementation of the recommendations made by a multi disciplined team constituted to analyze accidents due to Human Error has helped to address the issue in a pro active manner and enhance flight safety.

(d) Aerospace Safety teams constituted recently have conducted capsules at various flying stations on human factor issues

that affect safety in flying. These capsules have been aimed at increasing Aerospace Safety awareness at the Operators' level.

(e) All accidents/incidents are being analyzed thread bare to ascertain the root cause and adopt proactive measures particularly wherever trends are noticed. These trends are brought to the notice of the Operations and maintenance branches for instituting necessary remedial measures. Also, Courts of Inquiry dealing with accidents/incidents are ensured expeditious completion to determine the cause and implement prompt remedial measures.

At the operational level, the following initiatives have been stated to be taken:—

(a) **Operational Risk Management (ORM):** Employment of Operational Risk Management (ORM) techniques which aid in the task of mission planning through predefined parameters makes decision making in respect of launching missions in a safe manner, more objective.

(b) **Crew Resource Management:** Workshops have been conducted on multi-crew Cockpit Resource Management to train the aircrew to function as an effective team.

(c) **Operating Environment:** The environment is being improved to eliminate incidents of Foreign Object Damage (FOD) through procurement of equipment such as FOD Boss, Runway/tarmac washing equipment and introduction of tarmac discipline by defined/restricted access of specialist and common user vehicles on aircraft manoeuvering areas. Environment cleaning within the airbases is being undertaken in a proactive manner to deny a habitat for birds and animals through levelling, landfill, de-vegetation and uprooting of shrubs. Unresolved civil issues impinging on Aerospace Safety are regularly taken up at the Civil Military Liaisoning Committee (CMLC) meetings by respective Commands. At the stations level, interaction with the District civic agencies and village Panchayats is being done to spread the message of importance of clean environment around the airbases for safe aviation.

(d) **IASMS:** A web based application called 'Integrated Aerospace Safety Management System (IASMS)' to link all the Safety functionaries at Air HQ, Command HQ, Filed Units and repair agencies has been launched recently in the Dte. of Aerospace

Safety. It is a centralized software system which monitors and regulates safety programme by automating critical functions of Aerospace Safety chain in the IAF.

4.23 With regard to Bird Hit, the Ministry elaborated on the steps taken which have been given as under:—

(a) Ornithology cell to manage bird menace and institute anti-bird measures at airfields has been set up at Directorate of Aerospace Safety (DAS), Air HQ, R. K. Puram. As part of this, bird survey is being carried out regularly at flying stations of the IAF and Stations specific bird prevention modules implemented.

(b) A bird lab is being established at Institute of Safety in collaboration with national Centre for Cell Sciences (NCCS), Pune for DNA bar-coding of bird species of the Indian sub-continent. A barcode library of 26 Indian species have been developed and another 50 species are likely to be added shortly.

4.24 The Ministry also highlighted about the emphasis given on inspections and audits, the details of which are as under:—

(a) Aerospace Safety audits of flying stations are conducted regularly to identify weak areas, highlight shortcomings so as to address them at the grass root level.

(b) Joint Quality Audits (JQA) for aircraft systems are being carried out to look into all manufacturing and servicing related quality issues. The JQA is joint audit by the IAF, DRDO and industry.

(c) Joint inspection by IAF/Hindustan Aeronautics Limited (HAL) teams to identify weak areas in servicing and associated activities.

(d) Introduction of Safety information sharing between IAF and HAL for effective failure trend analysis and speedy implementation of remedial measures.

Some of the Ongoing projects in this context are as under:—

(a) **Avian Radar:** Procurement of Avian Radar (which helps in locating, tracking and monitoring movements of birds) is in its final stage. 41 IAF airfields are expected to have Avian radars operational by 2011. The real time data on birds like

height, number, collision course etc., will be made available to aircraft for necessary evasive action, as well as for data recording.

(b) **Devegetation Equipment:** Procurement of heavy duty earth moving/vegetation clearance equipment for effective management of airfield environment at all flying stations to combat bird and wild life menace.

(c) **Utilization of Flight Safety Funds:** Clearance is being taken for utilization of Safety funds for vegetation clearance in civil locality outside the Airfields zone as a measure to combat bird/wild life menace.

(d) **Microlite:** IAF is processing a case for procurement of 72 Microlites for carrying out survey of bird activities, monitoring of high rise structures, garbage and carcass disposal sites etc. (which pose hazard to flying) in the vicinity of the airfields which aids in enhancing Safety.

(e) **EMAA (Environment Management of Airfield Areas):** A road map for handling environmental issues in IAF airfields is being formalized at the Directorate of Aerospace Safety in the form of a concept paper call Environment Management of Airfield Area. The EMAA outlines the steps for Bird and Wild life management, vegetation control and provide generalized solutions for various airfields in different geographical grids of the country.

Inadequacy of quality checks/assurance for the aircraft serviced/ overhauled/produced at Hindustan Aeronautics Limited (HAL) needs to be addressed on priority. Also, the process of enforcing quality assurance by Director General Aerospace Quality Assurance (DGAQA) may be strengthened. The need for strengthening quality assurance by DGAQA and HAL has also been emphasized by the Hon'ble Raksha Mantri in the recent meeting. The steps taken by these agencies need to be intimated to IAF so as to synergize the efforts towards enhancing flight safety.

4.25 The Ministry in the written note has added that IAF has initiated the process of International Cooperation on safety aspects with other Air Forces operating similar aircraft. Towards this, MoUs are being processed with Air Forces of Russian, United Kingdom and Oman. This would facilitate safety information exchange and help IAF in keeping abreast with modern approaches to accident prevention and investigation.

4.26 With regard to comparative study undertaken in respect of accident of aircraft, world-wide the representative of Air Force during the course of deliberations informed as under:—

> "We have tried to find the rates but unfortunately the other countries do not divulge these rates. But we have come to know through recent international conference of Flight Safety that for the modern air forces the accident rate is generally around 0.35 and in the last financial year, we were 0.47. So as compared to the early seventies and late eighties, we had a rate of 1.84 and today we are down to 0.47. This is the rate per 10,000 hours of flight. So, we have through these pro-active measures been able to reduce it to a large extent. But specifically to your question whether other countries flying MiG aircraft, whether we know the rates, no, these are not available to us."

Quality checks

4.27 On the issue of quality checks, the Ministry in the written note acknowledged that inadequacy of quality checks/assurance for the aircraft serviced/overhauled/produced at Hindustan Aeronautics Limited (HAL) needs to be addressed on priority. Also, the process of enforcing quality assurance by Director General Aerospace Quality Assurance (DGAQA) may be strengthened. The Ministry also added that the need for strengthening quality assurance by DGAQA and HAL has also been emphasized by the Hon'ble Raksha Mantri in the recent meeting. The steps taken by these agencies need to be intimated to IAF so as to synergize the efforts towards enhancing flight safety.

Training

4.28 When enquired about the steps taken by the Ministry to ensure effective training to aircrew, the Ministry in the written note elaborated as under:—

> "(a) Implementation of focused and realistic training of aircrew with additional emphasis on the critical aspects of mission from the point of the human factors, environmental factors and the equipment. Also, Safety capsules have been introduced in the *ab-initio* training for all officers and Personnel Below Officer Ranks (PBORs).
>
> (b) Courses for Safety functionaries like Station Flight Safety and Investigation Officers (SFSIOs)/Unit Flight Safety and Investigation Officers (UFSIOs)/Maintenance Safety and Investigation Officers (MSIOs)/Air Safety and Investigation

Officers (ASIOs)/Maintenance Safety Warrant Officers (MSWOs)/Administrative Safety Warrant Officers (ASWOs) are being regularly conducted at the Institute of safety.

(c) Mandatory and increased use of simulators by Aircrew to practice emergencies is being emphasized at the unit level.

(d) Introduction of Aviation Psychology course for aircrew as one of the means to curb Human Error accidents.

(e) An Aviation Psychological Analysis and Training Wing have been established at the Institute of Safety to undertake meaningful research into the human psychological factors, which contribute to aircraft accidents.

(f) A crash laboratory is being set up at Institute of safety for giving a practical exposure of accident investigation and build up expertise levels. Alongside, a wreckage museum is also being set up with display of cut our models of crashed aircraft components as training aids.

(g) Compilation and publication of compendiums on accidents of different aircraft to educate the Operators on fleet specific issues.

4.29 On the issue of having trainer and simulators, the Ministry acknowledged that an area of concern has been the availability of suitable trainer aircraft to meet the training requirement of our young pilots. On the plans to get the adequate trainer aircraft the Ministry in the written note stated as under:—

"In March 2004, a contract was signed for the procurement of 24 Hawk Advanced Jet Trainers from M/S BAES UK on 26 March 2004 and with M/S HAL India on 21 February 2005. On 22 March 2010, a contract was signed for the procurement of the indigenously developed Intermediate Jet Trainer aircraft from M/s Hindustan Aeronautics Limited. Further, on 23 July 2010, a contract was signed for the procurement of additional 40 Hawk Advanced Jet Trainers from M/s Hindustan Aeronautics Limited. With these acquisitions, the requirement of trainers at intermediate and advanced level will be met.

A case is being progressed for the procurement of modern Basic Trainer aircraft and this is likely to be finalized in the forthcoming financial year. These aircraft will be procured both from global vendors on multi-vendor basis as well as subsequently indigenously produced by M/s Hindustan Aeronautics Limited. The procurement

of the aircraft on multi-vendor basis is at the stage of field evaluation and is expected to be finalized during the forthcoming financial year."

Trainer Aircraft

4.30 As per the written note furnished by the Ministry there are eight training institutes for pilots, the details of which are as under:—

Sl. No.	Flying Training Establishment
1.	Air Force Academy
2.	Air Force Station, Hakimpet
3.	Helicopter Training School, Hakimpet
4.	Fixed Wing Training Flight, Yelahanka
5.	Air Force Station, Bidar
6.	112, Helicopter Unit, Yelahanka
7.	Basic Flying Training School, Allahabad
8.	Navigation Training School, Begumpet

4.31 When asked about the details of the number of authorized trainer/simulator and the existing strength, the Department furnished the information only with regard to the existing strength of Indian Air Force trainer fleet, the details of which are as under:

	Numbers
HPT	114
Kiran MK-I/IA	96
Kiran MK-II	41
HAWK	42
Chetak	35
Dornier	19
AN-32	8
AVRO	6

4.32 On the issue of advance jet trainer, the representatives of the Ministry of Defence during oral evidence stated:—

"We have issues of Advance Jet Trainer which we did not have for a number of years. So, our *ab initio* pilots were going straight from

the basic trainer to intermediate trainer straight on to the Mig-21 class of aircraft which was a tremendous jump. Now, of course, we have Hawk which has come into the third and fourth stage of training and that has given not only a better quality of training but has also improved the standards of the pilots who are joining the front line squadrons today. So, it is not one reason, it is the downstream affect of all the factors which come into producing the result whether it is an incident or an accident."

4.33 The Ministry further added that there is a need to modernise the trainer fleet of the IAF in order to meet the training requirement of pilots who are required to fly modern high performance aircraft. Towards this end, contracts have already been concluded for procurement of Intermediate Jet trainers and the Hawk Advanced Jet trainer aircraft. IAF also plans to procure new 106 Basic Trainer to replace the HPT-32 through 'Make' route.

4.34 With regard to simulators, the Ministry informed that all the existing trainer aircraft and fighter aircraft have functional simulators except the MiG-29 aircraft. The transport fleet have simulators for Dornier and An-32 aircraft. Efforts are underway to procure more simulators for the IAF towards enhancing efficiency and flight safety.

4.35 On the issue of life span of existing trainer aircraft, the Ministry furnished the following information:—

4.36 The life span of the existing trainer aircraft and the phase out plan are as follows:—

Sl. No.	Type of Aircraft	Life Span	Phase Out Plan
1.	HPT-32	6500 H (Renewed after every TBO)	On Condition
2.	KIRAN MK-I and II	7500 H (Renewed after every TBO)	On Condition

4.37 As stated above, the above aircraft would be replaced with the new inductions of Basic Trainer aircraft, the Intermediate Jet trainers and the Advanced Hawk Jet trainer aircraft.

4.38 With regard to investigation of accident data of Indian Air Force the Ministry has informed that 13 cases with regard to Air Force accidents of aircraft are under investigation.

Airlift capacity

4.39 During the on the spot study visit undertaken by the Standing Committee on Defence (2010-11) on 16 June, 2010 to some of the border areas in Leh, the Committee were informed that the Western Air Command were unable to fly aircraft over that region due to certain technical reasons. However, to the utter dismay of the Committee, it was observed that some commercial airlines were indulging in such airlifting operations in the so-called inaccessible areas.

4.40 When asked about the comments of the Ministry in this regard, the Committee have been informed that:—

> "IAF aircraft are carrying out day in and day out operations at high altitude airfields and drop zones. These operations are the only means of maintaining supply lines to the forces deployed in harsh terrain.
>
> These operations have been successfully carried out during past four decades and more. At times these operations are constrained due to bad weather in such areas. The operational ceiling of AN-32, which is a turbo-prop aircraft is lower than the IL-76 and Boeing/ Airbus classes of aircraft. As a result, AN-32 is required to fly at lower altitude in case of emergency like single engine failure. AN-32 would not be able to maintain height and would required to descend in the valley and fly along escape routes. If the weather is bad, AN-32 will not be able to fly along escape routes. This is the reason why AN-32 despite having taken off from Chandigarh for undertaking the visit of Parliamentary Standing Committee could not proceed to Leh."

4.41 When asked about the initiatives taken/proposed to be taken by the Ministry to increase the airlift capacity:—

> "The transport capability of IAF will get a boost from the newly inducted C-130. The first C-130 has already been inducted and the remaining five will join the IAF in a phased manner. The airlift capability will further increase on induction of new heavy lift aircraft into the transport fleet of the IAF."

4.42 With regard to proposal of the Ministry in respect of transport aircraft, the Ministry has added that:—

> "The transport fleet is also being modernised. An agreement was signed on 31 January 2008 for the procurement of six C-130-J-30 transport aircraft for the IAF.

A proposal for an additional six aircraft is being progressed. A proposal for the procurement of ten C-17 heavy lift aircraft is being progressed. This would provide strategic airlift capability to the IAF and meet the inter-theatre airlift requirement of all the three Services as well as the para military forces.

In addition, M/s Hindustan Aeronautics Ltd. has entered into an agreement with M/s United Aircraft Corporation, Russia, for the development of a medium transport aircraft which would meet the requirements for medium lift aircraft for the IAF.

The AN-32 aircraft of the IAF, which forms the backbone of the IAF transport fleet, is also being upgraded. A contract for this purpose was signed on 15 June 2009."

4.43 The Ministry also added that the above aircraft would be replaced with the new inductions of Basic Trainer Aircraft, the Intermediate Jet Trainer and Advanced Hawk Jet trainer aircraft.

4.44 On the issue of trainer aircraft, the representative of Air Force during the course of deliberation added:—

*** *** *** *** ***

"We have issues of Advance Jet Trainer which we did not have for a number of years. So, our *ab initio* pilots were going straight from the basic trainer to intermediate trainer straight on to the Mig-21 class of aircraft which was a tremendous jump. Now, of course, we have Hawk which has come into the third and fourth stage of training and that has given not only a better quality of training but has also improved the standards of the pilots who are joining the front line squadrons today".

Modernization of Airfield Infrastructure (MAFI)

4.45 As per the information furnished by the Ministry, Fifty-two airfields are presently being used by Air Force across the length and breadth of the country. When asked about the modernization plans of airfields, the Committee have been informed as under:—

"All AAI airfields are being modernized in two phases under the MAFI project. In the first phase 30 airfields will be undertaken for modernization and the remaining will be undertaken in Phase-II of the project."

4.46 When asked about the actual expenditure made till date for modernizing air fields and the budgetary allocation for the purpose, the

Committee has been informed will be signed during the current final year and entailing an amount of about Rs. 183 crore.

4.47 With regard to Phase-II, the Ministry has informed as under:—

> "The case for modernization of balance 26 airfields of IAF, Army, Navy and Coast Guard etc. under Phase-II will be initiated within 18-24 months of signing of the contract for MAFI I keeping in view the experience gained during implementation of Phase-I. No cost has been estimated as yet for the 2nd phase."

4.48 When enquired about the status of electrical air field lighting, the Ministry has furnished the following details:—

> "Out of 52 operational IAF bases, eight airfields do not have electrical airfield lighting as no regular night operations are undertaken from those bases. On completion of Modernization of Airfield Infrastructure (MAFI) Phase-I and II, all the IAF airfields will have electrical airfield lighting system to facilitate night landing."

CHAPTER V

DEFENCE RESEARCH AND DEVELOPMENT ORGANISATION

The DRDO has emerged as one of the premier scientific and technological organisation in the country with a mission to design, develop and lead to production of state-of-the-art weapon systems, platforms and allied equipment. It also provides combat support for meeting the current requirements of the Armed Forces. The organisation is fully dedicated towards progressive enhancement of self-reliance in defence systems, in state-of-the-art technologies, and R&D infrastructure and capability of the country. It has vision to promote the corporate strength and to make the country independent of foreign technologies in critical spheres.

Expenditure on Research and Development

5.2 The Proposed approved and actual expenditure and % of expenditure for R&D is as under:—

Year	Proposed	BE	RE	Actual	% of expenditure
2008-09	520.59	6486.35	6937.54	7699.07	99.50
2009-10	9516.63	8481.54	8514.81	8475.40	99.54
2010-11	11754.41	9808.72	10359.43	10210.33	1000%
2011-12	14848.87	10253.17			

5.3 When asked about the reasons for decline in the allocation for R&D as a percentage of the total Defence budget, the Ministry has informed as under:—

> "While there may be a decrease in the allocation for R&D as a percentage of the total Defence budget, there has been an increase in the allocation in absolute terms. Additional funds have been allocated as and when required by Department of Defence R&D."

5.4 Briefing about the progress made by DRDO in the last one year the Secretary, DRDO during oral evidence has stated as under:—

> "Coming to the progress in the last one year, successful testing of Interceptor Missile, launching of Agni II Missile, Brahmos launch,

Astra missile flight trials and production of Akash Missile. The helicopter version, Missile Helina has undergone the first flight trial. We have completed the Initial Operational Clearance of the Light Combat Aircraft (LCA) on 10th January, 2011 Naval version of the LCA is ready and its first flight is scheduled this year. The Kaveri engine is under flight testing on the IL-76 test in the area of UAVs, we have designed and developed Rustom and its two flights have been completed successfully. The Nishant has been accepted by the Indian Army and the one-kilometer altitude operation has been demonstrated.

In the radar area, we have done significant progress because most of the requirements of the Armed Forces, are being met using indigenous technology. These includes weapon locating radar, which is under production; the Bharani for Army, Aslesha for Air Force; Rohini for Air Force, Revathi for Navy. In the communication area about 2000 combat net radios have been ordered.

In the area of under water sensors and sonars and we have got the HUMSA, for which the flight acceptance tests have been done; USHUS which is deployed in three submarines. The anti-torpedo defence system, Mareech, also has gone the user assisted trials and VARUNASTRA heavy-weight torpedo is also undergoing the user assisted trials.

As you know, we have the major responsibility for giving support to our Armed Forces not only in terms of weapons and equipment but also in terms of the man-behind-the-machine and also to meet the requirements of nuclear, biological and chemical protection. In this area we have done significant work by providing 18 NBC vehicles to the user and NBC water purification systems.

The life support system for the helicopter, the helicopter oxygen system, also has been developed and now 15 systems are being delivered. Similarly, for Arihant class of submarine, we have made an escape suit.

*** *** *** *** ***

The DRDO's total production value this year is about Rs. 48,000 crore, which is leading to self-reliance through the industry we have participated in developing more than 400 industries in the public and private sectors and more than 60 academic institutions are participating in our programmes. Our programmes have a major social impact because the technologies which we have developed

for Armed Forces are also being used for variety of applications, including for the children who are suffering from some kind of a handicap, in the hearing problems as well as many things, like the stent and so on."

Kaveri Engine

5.5 Kaveri Engine is being developed by DRDO for the last several years. When asked about the time when it would reach its final stage, inducted and fully operational and whether that project justify the expenditure incurred on it, the Ministry of Defence stated as under:—

"Though the Kaveri Engine was designed to be inducted with Light Combat Aircraft (LCA), because of the technology limitations in the country, it became heavier. The requirement from the aircraft side has also changed. Presently, LCA is proceeding with GE Engine.

However, the Engine is in matured stage and is undergoing flight testing in Flight Test Bed IL-76 in Russia. So far, about Rs. 1900 crore has been spent in developing 9 prototypes of Kaveri Engines and 4 prototype of Kaveri Core (Kabini) Engines.

Till date, more than 2000 hrs. of testing has been conducted on Kaveri and its core engines at ground and altitude conditions. With this experience and expenditure, the country has understood the design, development, ground testing and flight testing of engine for fighter aircraft."

5.6 When specifically asked about the status of Kaveri Engine, the representative of DRDO stated as under:—

"About the Kaveri Engine, it was right from the beginning developed for the LCA. Today the Kaveri Engine has come to a level of close to about 80 kilo newtons of thrust. It has now passed through all the tests like ground testing, high altitude testing. It has also passed the flight test which is being done at Russia. Today it is a proven engine as far as its performance is concerned. Its integration with LCA is the issue. Because LCA has over the years added on certain weight because of the technologies that we have in our country. Similarly, the Kaveri Engine technology also is not of the level where we can match that standard. As a result, we were not able to integrate Kaveri into the LCA. Because LCA needs about 90 kilo newtons and we are developing 80 kilo newtons. Because of that,

directly we are not able to integrate the Kaveri Engine with the LCA. What we have done for that is that first we have to test the main engine because it has got a main engine, it has got a re-heat. Both put together, it develops the thing. What we are doing is, we are now increasing some of the technology inputs into this to take within the same weight and volume with a better technology, so that it can develop higher thrust of about 90 plus kilo newtons which is needed for the LCA and also for our future aircraft. For that, we are going ahead with the technology tie up with Snecma and the complete discussions with Snecma have taken place to get what we call as the high end technology for the core engines."

5.7 The representatives of the DRDO has further stated that:—

"Kaveri Engine is going to be used for the other programmes. It can be used in Unmanned Combat Aerial Vehicle (UCAV) because that does not need this kind of higher thrust. It needs only a smaller level of thrust. So, we are now bringing the Kaveri after the test in Russia. We are now going to integrate it with our LCA. It may not be the LCA's flight envelop, but it will meet all the requirements which are needed for our UCAV. So, it is going to be our UCAV Power Plant also.

The other benefits of Kaveri Engine are that today Kaveri Engine has got a marine version which will be used for powering the ships. The Indian Navy has shown a lot of interest. We are working with the Bharat Heavy Electricals Ltd. (BHEL) to produce Kaveri in numbers for the operations. The same thing has been now requested by the Indian Railways to know whether Kaveri can be given for powering the trains. So, in Kaveri we have established major gas turbine engines technologies for a variety of applications. With the production set up available in HAL, I am quite certain that we have come of age as far as the gas turbine technology is concerned. With the inputs that we will get from Snecma and the investment that we have made, I can assure that Rs. 10,000 crore that we have spent is well spent as the technology levels have come up."

Rama Rao Committee

5.8 The Committee have consistently been requesting Ministry of Defence to furnish the details of the recommendations made by P. Rama Rao Committee on restructuring of DRDO. However, the recommendations were not furnished on the pretext of being confidential.

In this context when the issue was raised again during the course of examination of Demands for Grants 2011-12, the status of some of the recommendations as detailed below has been furnished.

"Formation of Defence Technology Commission

- o A note for approval of Cabinet initiated for approval of Hon'ble Raksha Mantri

- Creation of the Commercial Arm of DRDO
  - o A note for approval of Cabinet initiated for approval of Hon'ble Raksha Mantri

- Renaming of Director General DRDO as Chairman DRDO
  - o A note for approval of Cabinet initiated for approval of Hon'ble Raksha Mantri

- The three Services to nominate an officer each of the rank of 2 star General for structured discussion with DRDO
  - o The Services have nominated nodal officers

- Creation of seven technology area-wise clusters/centres under a Director General to facilitate timely execution of major programmes and healthy growth of S&T in the Labs
  - o Details being worked out by an Advisory Committee appointed by DRDO including role, empowerment (of DGs and Directors) and linkage at all levels
  - o SOPs for interactions amongst various entities of management structure

- DRDO to engage an eminent HR specialist
  - o Modalities being worked out

- Decentralisation of Finance
  - o Implementation of an Internal Finance System with a reporting structure answerable to DRDO."

5.9 During oral evidence, the representative of DRDO stated as under:—

"As far as the recommendations of Rama Rao Committee are concerned, last time, we had informed the Committee that it has gone through the complete details, as far as the working is

concerned. If you recall, Sir, in last year's Parliamentary Committee meeting also, the Ministry had made a presentation. All the major recommendations which have been made by the Rama Rao Committee, we have already presented the same recommendations in the last meeting, and also replied to, questions raised by the members. is concerned. So, there is no change in the status as to whether it is secret or confidential. Whatever information was there in that Committee's Report, it has been given.

As far as review by a higher-level Committee is concerned, there was a Committee set up by the Raksha Mantri under the Chairmanship of Secretary (Defence). They have only gone into the main recommendations which have been done and what was the impact of that on the overall implementation plan. We had presented before the Committee headed by the Defence Secretary on how the recommendations could be implemented. I can assure you that no recommendation of the Rama Rao Committee has been diluted or has been dropped. What has been done is that in some areas where they have said, for example, we can decouple some of these laboratories which are working on the life support, life sciences, they could be merged with other departments, then with the help of the Indian Armed Forces, who are the biggest beneficiaries of the outputs of these laboratories, it was decided that we would keep that decision on hold so that the agricultural inputs which we are providing for the high altitude or the avalanche research which we are doing for our Armed Forces in the snow-bound areas, all those facilities could not be denied. As per the decision of the Ministry, it has been kept on hold. No other recommendation of the Rama Rao Committee has been diluted by the Oversight Committee. We have also assured you, Sir, that there is a strong implementation programme concerning Rama Rao Committee's recommendations. We have prepared the CCS paper for implementation of three major recommendations, that is, Defence Technology Commission, as well as the Commercial Arm, and that is being pursued. The case for CCS is now being reviewed within the Ministry. It will be submitted.

Sir, I am very happy that you have raised some very important issues pertaining to the future programmes. The future programmes on surveillance, satellites, and cruise missiles are well within our futuristic development programme. For example, all the surveillance requirements, AEW&Cs was presented to you. The Indian Air Force has already asked and now cleared that we have to develop the AWAC class of system. Whatever numbers have been acquired, the balance numbers will be done by DRDO."

Attrition of Scientists in DRDO

5.10 The data with regard to the authorized and existing strength of scientists in DRDO as furnished by the Ministry of Defence in its written reply is stated below:—

> "Authorised strength of scientists in DRDO: 8214 (including encadered and equivalent posts). Existing strength of scientists in DRDO: 7854 (As on 01 Jan. 2011)."

5.11 In replying to the number of scientists who left DRDO during the last five years with the reasons, the Ministry of Defence in its written reply has stated as under:—

> "The year-wise number of scientists who resigned or taken VRS from DRDO in the last five years is as under:—

Year	Total No. of Resignations (a)	Total No. of VRS (b)	Total (a + b)	Reasons
2006	322	18	340	Scientists, who left DRDO, have indicated personal/ domestic ground as the reason for leaving DRDO. However, it is assumed that increased opportunities that were available in the private sector industries were the main reason of such attrition.
2007	273	13	286	
2008	162	12	174	After implementation of recommendations of 6th CPC and various measures taken by DRDO to retain the talent, attrition has come down significantly. At present, it is less than 1% of the total strength of scientists in DRDO.
2009	65	3	68	
2010	63	5	68	

5.12 In a press report it is reported that 20 top scientists of DRDO across the nation have quit their job in the field of computer science, electronics and communications. In this regard, when asked to furnish the reasons for the same, the Ministry in its written reply has stated as under:—

> "Only one top scientist of the rank of 'Distinguished Scientist' has taken voluntary retirement from DRDO in the year 2010. At lower

levels, three scientists in the field of computer science and seventeen scientists in the field of electronics and communication have resigned from DRDO during 2010. At present, the attrition of scientists from DRDO is less than one per cent of the total strength of scientists."

5.13 When asked about the steps being taken by Defence Research and Development Organisation to put a check on the ever-increasing brain drain in DRDO and to make a career for scientists in DRDO an attractive one the Ministry in its written reply has stated as under:—

"The following incentives are given to arrest the attrition of scientists:—

(i) Two additional increments on promotion to each Grade.

(ii) Up to six variable increments on promotion granted on fast track.

(iii) Professional update allowance.

(iv) Fast track promotions through assessments.

(v) Opportunity to acquire higher qualifications at reputed institutes *viz*. IITs/IISc, etc. as DRDO sponsored candidate.

(vi) Young Scientists, Scientists of the Year and other DRDO Awards in recognition to their contributions etc."

CHAPTER VI

NAVY, JOINT STAFF AND COAST GUARD

Secure Maritime environment is crucial for both safety and economic growth of the country. The present circumstances has lead to higher tasks for Navy. Growing responsibilities and charter warrants commensurate resources.

6.2 The Demand No. 23 contains the demand for grants of Navy which include Joint Staff also. Total outlay for Navy at BE 2011-12 is Rs. 25246.89 crore which is 15.36 per cent of the total Defence Budget. Out of the total allocation, Capital outlay is Rs. 14657.83 crores and Revenue allocation is Rs. 10589.06 crores.

Overall Naval Budget – trend

Fiscal Year	% share of Defence Budget (BE stage)	% share of Defence Budget (Actual Expenditure)
2008-09	17.67%	
2009-10	13.82%	17.49%
2010-11	13.32%	16.6%
2011-12	14.13%	

6.3 The actual expenditure share is considerably high when compared to the BE allocation share of total defence budget. Usually the allocation at BE stage is less than the projections, though marginally. However, the actual expenditure exceeds the allocated amount.

Projections Vs. Allocation

Year	Projected BE	BE Allocated	Actual Expenditure
2007-08	1837.80	17529.44	15885.41
2008-09	20166.39	19506.77	17248.01
2009-10	21352.59	20604.02	22693.59
2010-11	25945.54	21467.51	22067.22*
2011-12	40541.07	25246.89	

*upto Feb., 2011

Against the projections of Rs. 40541.07 for the current financial year only 25246.89 crores have been allocated at the BE stage.

6.4 The following table shows the projections made and the amount allocated for Navy at BE and RE stages as well as the actual expenditure incurred during the first four years of the Eleventh Plan:

(Rs. in crores)

Year		Projections	BE	RE	Actual Expenditure
2007-08	Revenue		6968.25	7092.19	6950.25
	Capital		10561.19	8944.19	8935.16
	Total	18387.80	17529.44	16036.38	15885.41
2008-09	Revenue		7421.19	8034.19	7790.76
	Capital		12085.58	9278.58	9457.25
	Total	20166.39	19506.77	17312.77	17248.01
2009-10	Revenue		8322.11	9312.90	9345.78
	Capital		12281.91	11895.59	13347.81
	Total	21352.59	20604.02	21208.49	22693.59
2010-11	Revenue		8286.00		8742.75
	Capital		11339.00		16506.77
	Total	23825.57	19625.00		25249.52
2011-12	Revenue		10589.06		
	Capital		14657.83		
	Total		25246.89		

6.5 From the above table, it can be seen that prior to 2009-10 Navy has not been able to spend the projected or the allocated amount, specifically against the capital head, optimally. The expenditure against allocation of Navy has improved only 2009-10 onwards.

Modernization of Indian Navy

Modernization (Capital Acquisition)	BE(10-11)	RE(10-11)	BE(11-12)	Growth %	
				BE to RE	RE to BE
Navy	10863.67	14233.67	13149.02	21.04	(-) 7.62
Joint Staff	576.23	206.23	696.24	20.83	237.60

6.6 The Growth percentage of Naval Budget (exclusively for Navy) with reference to Capital Outlay when compared to RE 2010-11 to BE 2011-12 is (-) 7.62 per cent. Since Navy is capital intensive wing, negative growth for capital budget is undesirable. The Committee in their sixth report on Demands for Grants had recommended that Navy should be provided allocations as per their projections during the year 2010-11. The additional requirement of Rs. 4481 crore for both Revenue and Capital Heads should be made available to the Navy so that modernization programme in Navy is not affected due to non-availability of resources. While reviewing the situation during examination of Demands for Grants 2011-12, the Ministry had replied that there has been no formal response from Ministry of Finance, Navy's requirement of additional funds under 'capital' segment has been met through internal re-appropriations at RE stage.

6.7 The Ministry has informed that 35 contracts worth about Rs. 36,200 crores have already been concluded in the financial Year 2010-11, towards capability enhancement and modernisation of the Indian Navy.

6.8 The following table shows details of original/revised delivery schedule and cost as approved by CCS in respect of important projects is tabulated below:—

Project	Cost		Delivery Schedule	
	Original	Revised	Original	Revised
Gorshkov	974.28 MUSD	2330 MUSD	Aug. 2008	Dec. 2012
P-75	Rs. 15245 Cr.	Rs. 20009 Cr.	Dec. 2012	Aug. 2015
P-15A	Rs. 3580 Cr.	Rs. 11662 Cr.	2008	2012
P-17	Rs. 2250 Cr.	Rs. 8101 Cr.	2005	2010

6.9 The above table indicates huge expansion in cost due to time over run of various projects. With regard to the issue the Ministry has stated that a number of steps have been taken, which include setting up of multi-tiered project monitoring mechanism, conduct of regular project review meetings and imposition of Liquidated Damages (LD) on defaulting vendors. The Defence Procurement Procedures is reviewed regularly, to improve overall efficiency in acquisition of capability.

Major Projects in Progress

6.10 There are 34 ships and submarines under construction in India:—

Masagaon Dock, Mumbai	7 destroyers+2 frigates+6 submarines
GRSE, Kolkata	4 corvettes and 3 fast attack craft
GSL, Goa	4 offshore patrol vessels and 1 sail training ship
Cochin Shipyard, Kochi	Indigenous aircraft carrier
Alcock Ashdown, Gujarat	6 survey ships

6.11 There are some projects of construction of Ships etc. overseas:—

Russia	Vikramaditya and 3 frigates
Italy	One tanker

Gorshkov

6.12 As per the information provided by the Ministry of Defence, the revised delivery date of the ship is December 2012. The ship will be inducted into the Indian Navy upon her arrival in India in early 2013. After negotiations with the Russian side, the final cost arrived at is USD 2330.00 million.

Scorpene

6.13 The contract for construction of six Scorpene class submarines was signed under Transfer of Technology from M/s. Armaris, France on 6th October, 2005. The construction of first submarine commenced at MDL on 15 Dec., 2006.The original cost and delivery schedule for scorpene class submarines were Rs. 14245 crores and Dec., 2012 respectively which have now been revised to Rs. 20009 crores and August, 2015 respectively.

Training Academy

6.14 The Committee have been informed that the training academy at Chilka, Orissa is already overloaded and there is still a huge demand for training of sailors for developing Sagar Prahari Bal and other coastal security demands. The representatives of Navy have submitted before the committee that at present, we are already at peak as far as training load is concerned. But efforts are on to maintain the quality of training.

Navy's Long Term Perspective Plan

6.15 The Ministry of Defence has informed that the Indian Navy's Maritime Capability Perspective Plan (MCPP) 2005-2022 formulated in October, 2005 was reviewed in 2010. The new Long Term Perspective Plan is based on RM's operational directives, maritime strategy, maritime doctrine, threat perceptions, need to overcome capability voids, emerging geostrategic environment and overall national policy. Further the Ministry of Defence has informed that Navy's LTPP 2012-2027 has been submitted to HQ IDS for examination and incorporation in the Tri-Service Long Term Integrated Perspective Plan 2012-27.

Twelfth Plan

6.16 It has been informed by the Ministry of Defence that the Twelfth Plan is under finalisation. The guiding principle for XII Plan is to sustain the momentum of Navy's acquisition plans so as to achieve the desired Force Mix and Force Levels, through optimal utilisation of capital.

INS Chilka

6.17 INS Chilka, located in Orissa, is a training base for sailors for Indian Navy and Coast Guard has gone up substantially. The training load is at peak as stated by the representatives of the Ministry of Defence. It is a continuous process to improve the facilities because we would like to have the best training facilities for our sailors. The Ministry has submitted before the Committee that during the last two years there have been tremendous pressure on this base since augmentation of coastal surveillance network is in progress and the training load is already at peak.

Joint Staff

6.18 HQ Integrated Defence Staff was raised on 01 Oct., 2001 with the motive to act as point organisation for jointness in Ministry of Defence which integrates policy, doctrine, war fighting and procurement.

6.19 The following table shows the allocations for Joint Staff at BE stage for the last two years.

(Rs.in crores)

B.E. 2010-11			B.E. 2011-12		
Revenue	Capital	Total	Revenue	Capital	Total
1043.02	798.70	1841.72	1082.23	928.71	2010.94

6.20 Only marginal increase in BE for 2011-12 for Joint Staff can be viewed in the above table . The Joint Staff has informed that they expect additional requirement at RE stage. (slide presentation)

Coast Guard Organisation

6.21 The Budgetary Demands for Coast Guard Organisation is contained in Grant No. 20 (Civil) under Major Head 2037.

6.22 The following table shows the data regarding proposed allocation BE, RE and actual in respect of Coast Guard Budget during the first four years of XI Plan (2006-12):—

Year	BE	RE	Actuals
2007-08	1150.00	900.41	668.62
2008-09	1468.14	1218.79	1027.05
2009-10	1904.40	1704.34	1528.38
2010-11	1982.45	2082.45	1583.14#
2011-12	2490.94		

#Expenditure upto 28 Feb. 2011

Anti-Piracy Operations

6.23 When enquired about the piracy in Indian Ocean by Somalian pirates the Ministry of Defence has informed that the Indian Coast Guard is fully aware of the increased trend in piracy attempts close to Lakshadweep and Minicoy Islands. The Coast Guard is carrying out regular surveillance by deploying ICG Ships and aircraft to create deterrence as well as to build confidence among the sea plying community. MRCC Mumbai issues general reports to mariners transiting through Indian Ocean pertaining to piracy attack and advises them the measures to prevent piracy attacks on ships. Further, the Ministry has stated/ informed that the incidents like apprehensions of Somali Nationals on Minicoy Island with Skiffs, Operation of their mother vessel Prantalaya—12 and highjacking of Bangladeshi merchant vessel Johan Moni by pirates off Lakshadweep Island has shown the increased activities of pirates in Indian Ocean.

Coastal surveillance

6.24 It has been informed by the Ministry that a total of 42 Coast Guard stations will be functional by 2012 *i.e*. the completion of Eleventh Plan Period including 2 hinterland stations at Delhi and Gandhinagar.

As per the Coastal Security Scheme, 204 Coastal Marine Police Stations (73 in phase-I and 131 in Phase-II) and they will operate as hub and spoke with the Coast Guard Stations with effective communication link thus enabling enhanced coastal security coverage. The Indian Navy has been designated as the authority responsible for overall maritime security which includes coastal security and offshore security. Existing Naval Cs-in-C are also designated as the Cs-in-C Coastal Defence. Joint Operation Centres (JOC) have been set up at Mumbai, Kochi, Visakhapatnam, and Port Blair under the charge of existing Naval C-in-C. Besides these, 46 Stations have been identified for installations of radars along the coast by the Coast Guard in Phase I of the Coastal Radar Chain. Further, the Ministry has intimated that the Ministry of Shipping has been directed to identify suitable transponder for fitment on board small fishing boats and other craft. A Committee under the DGICG has undertaken necessary trials for different types of transponders for further necessary action for fitment of transponders. The Coast Guard's role in this project is limited to identification of suitable transponder.

6.25 Establishment of Coast Guard Air Enclave at Minicoy has been approved by the Government. A proposal for acquisition of about 20 acres pvt. land for establishing CGAE at Minicoy is being processed for creation of infrastructure for helicopter operations and for staging through Dornier type aircraft only. The land is yet to be acquired and handed over to the Coast Guard by the L&M Administration.

PART II

RECOMMENDATIONS/OBSERVATIONS

Analysis of the overall allocation of the Ministry of Defence

1. The Committee note that the Budget Estimates (Net) for the year 2011-12 are for Rs. 164415.49 crore which comprises of Rs. 95216.68 crore as Revenue outlay and Rs. 69198.81 crore as capital outlay. Although in absolute term there is an increase in the defence budget, the analysis of the data with regard to the growth of defence budget indicates that the percentage growth is declining over the years. During the years 2008-09 and 2009-10, the growth was 24.15% and 24.13% respectively which declined drastically to just 6.91% during the year 2010-11. Not only that, the defence expenditure as percentage of GDP is also declining over the years. During the year 2009-10 the said percentage was 2.16% which declined to 1.92% during the year 2010-11 to 1.83% during 2011-12. If the defence expenditure is compared to the overall Central Government expenditure during the year 2010-11 it has declined to 12.46% as compared to 13.48% during the previous year.

The Committee have consistently been recommending in the reports on Demands for Grants for increasing capacity for the utilization of outlay so as to justify the demand of higher allocation particularly under the capital section. The Committee are pleased to note that during the year 2010-11, the Ministry was able to utilize the entire allocation as stated by the Secretary during the course of oral evidence. The Secretary has also informed that capability of Defence Department to absorb the funds is improving and the expenditure of DGOF, R&D and DGQA is far higher than the allocations made by them during the period 2007-08 to 2009-10.

The Committee's examination further reveals that there are gaps between the projections made by the Ministry and the allocation provided at BE stage during each of the year. As per the Ministry, the budgetary allocation not commensurating with the projections made by the three Services and various organisations would affect the prioritization of modernization programme including acquisition of land and capital works to varying extent. The Committee emphasise that India is surrounded by difficult neighbours and it is utmost

necessary to build the deterrent capabilities to safeguard the nation. No compromise can be made when it is the question of security of the country. The Committee are of the firm view that the allocations as projected should be provided to the Ministry of Defence particularly when the allocations made during the year 2010-11 could be utilized fully by the Ministry. The Committee would like the Ministry to take up the matter at the highest level and the Ministry of Finance, so that projected allocations are provided to the three Services and Organisations to enable them to meet the set targets under their modernization programmes including acquisition of land and capital works.

Capital outlay

2. The Committee observe that the percentage expenditure under the capital section is declining over the years. The said percentage during the year 2007-08 was 39.02 which declined to 38.75 during the year 2008-09 and then to 36.07 per cent during the year 2009-10. Not only that the major part of the allocation is being spent on the committed liabilities. To add to this the spending on the committed liabilities is increasing over the years and the expenditure on the new schemes is declining. The Committee conclude from the aforesaid scenario that the No. of new projects added over the years is declining. The Committee are of the view that the said ratio of the committed liabilities and the new schemes need to be studied carefully. While agreeing to the fact that the defence acquisitions are capital intensive and the committed liabilities may increase over the years with more and more acquisitions added every year, the Committee are of the view that besides meeting the committed liabilities, there is an urgent need to ensure that the No. of new projects added also do not decline. The Committee as such would like to recommend that adequate allocation should be provided particularly under the capital section so as to ensure that more and more new schemes are added every year besides meeting the committed liabilities.

Disproportionate quarterly spending pattern

3. The analysis of the budget data further reveal that substantial part of the allocation is being spent during the last quarter of the year. During the years 2008-09 and 2009-10 the spending during the last quarter was 33.47 and 32.38 per cent respectively. The Committee are not convinced with the argument put forth by the Ministry that the

trend of disproportionate expenditure at the end of the quarter is across the border in all the spending Departments of the Government of India. More so when the major part of the allocations are being spent on the committed liabilities, where the scale of expenditure is well known, the disproportionate spending pattern in the various quarters is not understandable . The Committee would like to emphasize that utmost care should be taken to ensure that the expenditure is evenly spread during the year in line with the guidelines of the Ministry of Finance. Besides budget management, the even expenditure would go a long way in convincing the Ministry of Finance to allocate the outlay as per the projections.

Non-finalisation of LTIPP and Eleventh Plan

4. The Committee have consistently been raising serious concern over non-finalisation of LTIPP 2012-27 and Eleventh Plan. So far as LTIPP is concerned, the Ministry has informed that it is in the process of ratification at COSC level and is likely to be approved before the commencement of the Twelfth Plan. With regard to Eleventh Plan, the plan size could not be finalized due to the difference of opinion between the Ministry of Defence and the Ministry of Finance, even when four years of the plan period have already passed and the projections for the last year of the Plan *i.e.* 2011-12 have already been finalized. What is more disturbing to the Committee is the fact that this is not the first time when the Five Year Plan could not be finalized. Tenth Plan too met with the same fate and it has become a continuous practice with the Defence Ministry. Further the Ministry has repeatedly been stating that annual acquisitions are subject to availability of annual budgetary allocations as a result of which modernization programmes of varying extent are being compromised. This trend is totally against the spirit of GoMs report on Reforming National Security System which State that Annual Plans should be strictly as per the Five Year Plans. While expressing unhappiness over the adhocism in the whole planning process in Defence Ministry, the Committee strongly recommend that LTIPP should be finalized without any further delay. Besides all the initiatives should be taken to ensure that the projections for Twelfth Plan are finalized well in advance so that the Twelfth Plan do not meet the fate of Tenth and Eleventh Plans.

Married Accommodation Project (MAP)

5. The Committee in their earlier reports have been recommending for early completion of Phase-I of Married Accommodation Project and

simultaneous implementation of all the four phases without any break. The Committee are concerned to note that despite their persistent pursuance, the number of dwelling units to be constructed during Phase-I has declined from 61,658 to 57,875. Not only that, the deadline to complete Phase-I is continuously being extended. The initial target date of completion of the project was 2002-03. The deadline was first extended to 2005-06. The Cabinet on 9 August 2010 has extended the deadline further to 31 December, 2010. The Defence Secretary during deposition before the Committee admitted that Phase-I got significantly delayed because of initial problems. The Secretary also informed the Committee that the Ministry has been taking corrective measures not to repeat the mistake of Phase-I in other phases of MAP. While deploring the tardy pace of work, the Committee would like to recommend that sincere efforts should be made to complete all the four phases of Married Accommodation Project without any further delay, so that the basic need of housing for the Armed Forces can be met.

Outcome Budget

6. The Ministry after continuous pursuance of the matter had agreed to attempt Outcome Budget in respect of Naval Dockyards besides National Cadet Corps and Married Accommodation Project (MAP) as communicated in the action taken replies to the Sixth Report of the Committee. The Committee are, however, distressed to find that even after admitting the fact that there is great merit in adopting Outcome Budgeting, the Ministry now again find problems related to security of information, identification of outcomes in identifiable and measurable terms among others. The reasons adduced by the Ministry do not convince the Committee. This clearly depicts the unwillingness on the part of the Ministry to prepare Outcome Budget. The Committee once again recommend the Ministry to make positive attempt to prepare Outcome Budget.

Delegation of Financial and Administrative Power

7. The Committee observe that a comprehensive proposal for enhancement of the existing delegation of powers to the Services has been submitted by the Committee set up in Finance Division in December, 2010 and the same is under consideration in the Ministry of Defence. The Committee feel that the proposal merits consideration and would expedite the acquisition process when implemented. As such, the Committee desire the Ministry to take final decision in this regard expeditiously.

Offset clause

8. The Committee have been informed that in the next 5 to 10 years procurement of equipment would be more than 100 billion dollars. The offset provisions *i.e.* 30% of the cost of equipment would accordingly be 30 billion dollars. The Committee understand that till now the benefits of offset have been measured in the form of creating Indian vendor base, direct flow into joint ventures with OEMs etc. The Committee are constrained to note that even when this clause was introduced in year 2005 and amendments were made in the year 2006, the policy is yet to be fully evolved. In view of the immense potential of offset clause, the Committee desire the Ministry to make earnest efforts to ensure that the gains of offset clause in real term are achieved.

Armed Forces Tribunal (AFT)

9. The Committee observe that many a time AFT has found itself helpless as its orders are not being implemented by the three Services. Out of 303 cases, decisions of various benches of the Tribunal are yet to be implemented by the Services. In a few cases involving substantial question of law, they are being processed for adjudication by the Supreme Court. During the course of examination of Demands for Grants, the Committee have been informed that decisions of the Tribunal are generally implemented. However, in some cases, due to the hierarchal structure of the services, particularly, Army, the process of implementation takes time. Nonetheless, the Services have been advised to implement the decision of AFT promptly like the decision of High Court and Supreme Court. As informed by the Ministry the proposal to give more powers to the Tribunal is under examination by the Chief of Staff Committee/Ministry of Defence in view of the enormous importance given to AFT. While taking note of the action being taken to give more teeth to the Tribunals, the Committee strongly emphasise to take early decision in this regard and bring the desired amendments to the Armed Forces Tribunal Act. Till the process of amendment is completed, the Services should be given instructions to comply with the decisions of AFT without any prejudice.

Defence Land

10. The Committee find that recently a lot of controversies with regard to use of defence land have been reported in the media including

the Sukna and latest Adarsh Housing Society land scams. In this connection, the Committee have consistently been recommending for an independent regulator for the purpose of effective management of defence land in the country. The Ministry's stand in this regard has been that the existing system is adequate and there is no need of an independent regulator. To the surprise of the Committee even when Comptroller General of Defence Accounts in its report has suggested for a comprehensive study on disbanding DGDE from most of the activities of defence land management and even suggested for an independent agency, the Ministry do not see merit in the recommendation of the Committee for an independent regulator for the purpose of management of defence land as has been communicated in the Action Taken Replies to Sixth Report. The Committee while reiterating their recommendation for an independent regulator would like the Department to study the system of management of land by various sister Ministries like Ministry of Railways, Posts etc. which have huge tracts of land. The early decision on the issue should be taken and the Committee informed accordingly.

11. The Committee further note that Comptroller General of Defence Accounts has made 27 recommendations. One of the important recommendation is to direct Service Headquarters and DGDE to convert all their land records on defence land into a comprehensive and electronic database within one year. In this connection, the Ministry has informed that the project on computerization of Military Lands Registration and General Lands Registration through a software named 'Raksha Bhumi' is already going on and is likely to be completed by March, 2011. The Committee hope that the project would have been competed by now. The Committee further note that two projects one on Digitalization of land records involving scanning, indexing and microfilming and the other on Survey of Defence Land using modern technology have been sanctioned recently. Besides, the issue of land audit is under consideration. The Committee observe that it is utmost necessary that the land records as maintained in Military Lands Register and General Lands Register are up-to-date. To achieve the purpose, the aforesaid two projects need to be carried out expeditiously. Moreover, to check encroachments and misuse of defence land, there is an urgent need to have a system of periodic land audit. As such, the Committee strongly recommend to take decision on the issue of land audit. Besides, land records should be updated and made available on the website so as to have transparency. All the desired initiatives should be taken with utmost urgency and the Committee be kept informed about the progress made in this regard.

Optical Fibre Connectivity

12. The Committee observe that a fully secure and dedicated nationwide optical fibre network for Army and Navy was to be laid by MoC and IT. The supply order of the equipment was to be placed by 31 Aug., 2010. However, this timeline has not been met by MoC and IT till date. The Committee desire the Ministry to complete the task in a time bound manner.

One Rank One Pension (OROP)

13. The Committee have consistently been recommending 'One Rank One Pension' to ex-servicemen in their various reports. 'One Rank One Pension' as informed by the Ministry implies that uniform pension be paid to the armed forces personnel retiring in the same rank with the same length of service irrespective of their date of retirement and any future enhancement in the rates of pension be automatically passed on to the past pensioners. Pursuant to the recommendation of the Committee, a Committee was set up under the Chairmanship of Cabinet Secretary to look into the issue of 'OROP' and other related matters. Based on the recommendation of the Committee, the pensionary benefits of ex-servicemen including disabled ex-servicemen have considerably been improved by implementation of seven recommendations of the Committee. The Committee in the Sixth Report had emphasized to pay various emoluments due to various benefits provided to the ex-servicemen in pursuant to implementation of the recommendations of the Committee headed by the Cabinet Secretary alongwith the arrears, if any, expeditiously. The Committee noted that 26 Public Sector Banks and 4 Private Sector Banks have confirmed that they carried out disbursement of revised pension alongwith the arrears to almost 14 lakh pensioners.

The Committee find that even after implementation of the aforesaid seven recommendations of the Committee headed by the Cabinet Secretary, the demand of ex-servicemen for One Rank One Pension still persists. In this connection when the issue was deliberated during the course of examination for Demands for Grants, the Committee have been informed that One Rank One Pension was not accepted by Fourth and Fifth Central Pay Commissions, Inter-Ministerial Committee, 2003 and GoM set up in January, 2005 due to administrative, financial and legal reasons. The Committee

have now been informed that there is no deadline as to when 'OROP' would be implemented as a very conscious and deliberate decision based on historical facts, legal opinions and concrete judgment has been arrived at by the Government that considerable enhancement in the pension of all ranks has been given and it cannot be hundred percent. With regard to the financial implications, the Committee's examination reveal that the Ministry is not firm about the required outlay for the purpose. During the course of deliberations on Demands for Grants of this year, the representative of the Ministry of Defence has submitted that the financial implication may be Rs. 3500 crore minus Rs. 2200 crore (Rs. 2200 crore is the financial implication for implementation of seven recommendations) that come to Rs. 1300 crore. The Committee have further been informed that the approximate figure of Rs. 1300 crore is per annum and not since the beginning of the period that has to be reckoned for the purpose of One Rank One Pension. The Committee during the course of deliberations on Demands for Grants of the previous year had been informed that the financial expenditure would be to the tune of Rs. 8,000 crore to Rs. 9,000 crore per annum if One Rank One Pension is implemented.

The Committee understand that one of the administrative difficulties is availability of records. As informed by the Ministry CGDA has computerized records from the date since the year 1989 and several records because of the retention schedule have been destroyed. The Committee find that even when Ministry of Defence may not have maintained the records, such records seem to have been available with the Banks which as stated by the Ministry have reimbursed enhanced pension to approximately 14 lakh pensioners with the implementation of aforesaid seven recommendations. As such the problem of records can be addressed in coordination with the Banks. The Committee would again like to emphasize that even when implementation of the seven recommendations has improved pension to some extent, the demand of One Rank One Pension of the ex-servicemen still persists. As such the Committee maintain their earlier stand and would like the Government to implement. One Rank One Pension so that a large number of ex-servicemen can be benefited.

Construction of Border Roads

14. The Committee find that Army's Road Infrastructure Development which is planned under two projects—73 Roads Project

and GS Roads LTPP has not progressed satisfactorily. Whereas, 73 Roads Project lists out the critical and strategically important 73 roads along the Northern borders with China, which are required to be completed in a time bound manner by 2012, the progress of the project as reported by the Ministry is very slow. Out of these 73 roads only 15 roads have been completed so far with overall progress, of approximately 43%. The other project, GS Roads LTPP which identifies the other roads to be developed along the borders of India with China, Pakistan and Myanmar, only eight roads have been completed so far, with overall progress of approximately 22%. The Committee deplore that despite Government's so called preference to these projects, the roads and infrastructure development work is running way behind the schedule.

The Committee find that the Ministry proposes to take certain initiatives to increase the pace of road construction. Such initiatives include making available sufficient funds for the three strategic rail projects in North East, draft Infrastructure Bill to provide statutory exemption for strategic projects being moved (by MHA), leasing of helicopters by BRO from Pawan Hans Helicopters Ltd., replacing old and vintage equipment by purchasing latest equipment, purchase of plant and equipment worth approximately Rs. 200 crore, procurement of new equipment like crawler rock drill etc. The Committee feel that proposed initiatives would go a long way in addressing the logistic issues with BRO and would certainly help in speedy development of infrastructure and construction of roads in border areas. As such the Committee emphasize for early finalization of the said proposals.

15. The Committee in their Eighth Report (Fifteenth Lok Sabha) on 'Construction of roads in border areas of the country' had strongly emphasized for fast track procedures for forest and wildlife clearances for construction of border roads. Inspite of that as per the information provided by the Ministry of Defence, 193 forest/ wildlife clearance proposals in respect of high priority roads/strategic roads are still pending with various authorities. During the oral evidence, the Defence Secretary has also admitted that environment clearance is the main issue in delay in construction of roads. While reiterating the recommendations made in the aforesaid Eighth Report for streamlining forest/wildlife clearances, the Committee recommend to form a core group of officers from the

Ministries involved in forest/wildlife clearances so as to expedite the process of such clearances.

16. The Committee also urge the Ministry of Railways to give priority to complete the work related to the three strategic railway lines *i.e.,* NLP-Along-Silapathar, Missamari-Tawang and Mukongelek-Pasighat-Rupai in the North East so that movement of personnel and development of North East can be accelerated.

Budgetary Allocation for Army

17. From the data furnished by the Ministry it is noted that against Army's projection of Rs. 102962.17 crore for the year 2011-12, Rs. 82820.49 crore, have been allocated. Thus the gap between the projection and the Budget Estimate is of Rs. 20141.68 crore. As far as the revenue allocation is concerned, after providing for pay and allowances and other obligatory payments, the remaining allocation is made for purchase of ordnance and other stores, transportation, revenue works and maintenance, new raisings, Ex-Servicemen Contributory Health Scheme (ECHS) and other miscellaneous expenditure, etc. The Ministry has acknowledged that the said gap between the projected and the allocated outlay would affect important heads like purchase of ordnance and other stores, transportation, revenue works and maintenance, new raisings and ECHS. As regards capital outlay, reduced allocation may impact acquisition of land and capital works to varying extent. It would also affect prioritization of modernization schemes in the light of available allocation.

The Committee strongly recommend that the desired allocation should be made available to Army at the Revised Estimate 2011-12 stage so that important projects/programmes under capital and revenue heads, particularly modernisation programme of Army do not suffer for want of resources.

Shortage of officers and the present system of selection

18. From the data furnished by the Ministry it is seen that there is a huge gap between authorized and held strength of officers of Army after accretion of 1260 officers for infrastructure development in the North East. Consistently every year, the Ministry is giving the same reply quoting AV Singh Committee report and sustained image projection campaign to bridge the gap. The Defence Secretary during

the course of deliberations seems to be very optimistic about filling up the shortage particularly after implementation of Sixth Pay Commission. However, the increasing gaps between the authorised and held strength as is apparent from the data furnished by the Ministry clearly indicates about the inadequacy of the initiatives being taken by the Ministry.

On the present system of selection of officers, the Committee have been informed that the Government of India in 1948, decided to examine the system of selection of officers and appointed an Experts Committee, (The Ghosh Committee) for the purpose. The said Committee recommended that the current system was sound but needed improvements and modifications which were to be effected by a research organisation and therefore, the Psychological Research Wing (PRW) came into being which, by August, 1962, developed into a Directorate of Psychological Research. As stated by the Ministry the only major modification introduced till date was the elimination of the interview by a Psychiatrist and stated that system of selection has been able to cope with the requirements of the country.

The Ministry has informed through its reply that a study to improve the system of selection of officers entitled 'Development of a de-novo selection system to meet the challenges of non-conventional warfare' is in progress at Defence Institute of Psychological Research (DIPR). It has also been stated that present system is working fine. The Committee wonder, that if it is true then where was the need to conduct the study to improve the selection system. The Committee note that the present system of selection of officers in armed forces has the linage from the pre independence period *i.e.* year 1943. Even when the selection procedure for civil servants, IIT graduates and also of the higher level recruitments made by the private sector are constantly being reviewed over the years, the armed forces are clinging to the same set of selection system for the last 63 years except one modification.

The Committee understand that over the years with the advent of new technology, wars are now being fought differently and focus has been shifted from person to person combat to complex integrated system involving computers, high speed communication equipment and sensors. The advantage of modern systems in fighting the wars in the night has again forced nations to develop night fighting

capabilities resulting in relying more on technology than conventional methods. Considering the above fact, the Committee are of the view that it is high time that the Ministry should look into the issue of selection of candidates, aspiring to become officers in armed forces afresh keeping in mind changing face of wars to be fought in future. The Committee therefore, would like the Ministry to review the selection procedure critically keeping in view the challenges lying ahead. Besides, all the desired initiatives should be taken to motivate the youth of the country to join Army so as to address the issue of shortage of officers.

Modernization of Army

19. The Committee note from the data made available by the Ministry that the outlay allocated for modernization of Army at Budget Estimates stage is being reduced at Revised Estimates stage during each year of the Eleventh Plan. During the year 2010-11 Rs. 8876.88 crore were allocated at Budget Estimates stage. The allocation was reduced to Rs. 7433.23 crore at Revised Estimates stage. As per the initial information made available to the Committee, the expenditure up to February, 2011 was to the tune of Rs. 2993.06 crore. In response to a supplementary question asking about the reasons for such a low level of expenditure, to the surprise of the Committee, the Ministry has informed that expenditure to the tune of 101.32% has been achieved. The Committee have consistently been raising concern over the utilization of substantial part of the allocation during the third quarter of the financial year. Expenditure to the level of 60% of the allocation that too with regard to modernization of army during the last month of the financial year 2010-11 is not understandable to the Committee.

20. The Committee further find that modernization plans of army encompasses force modernization and the development of critical combat capabilities, besides overcoming obsolescence in core capabilities in consonance with the Defence Capability Development strategy. As such there is an urgent need to utilize the allocation in an effective manner so that the modernization plans of army are properly implemented. The Committee desire the clarification from the Ministry about the utilization of 60% of allocation during the last one month of the financial year 2010-11. Besides the Committee would like to emphasize that allocations earmarked during the year 2011-12 should be utilized in a phased

manner during the year so as to achieve the targets set under the modernization plans.

21. On the issue of modernization of training centres, the Ministry has informed that not all the disciplines of training are having simulators to train soldiers. The Ministry has further added that presently these simulators and other modern facilities do not cover all disciplines of training. The Committee emphasize that besides procuring State of the armament, tanks missiles, it is utmost necessary that persons behind the machines are adequately trained. As such it should be ensured that all the disciplines of training do have simulators and other modern facilities to train soldiers. The Committee strongly recommend that adequate allocation should be made for the purpose. Besides all the desired initiatives should be taken so that training centres of Army are equipped with latest infrastructure.

Missiles and missile defence system

22. The Committee find from the information made available by the Ministry that all the missiles which have been handed over to Army are imported. The maximum range of the missiles that have been handed over to the Army is 25 kms. only. The Committee have also been apprised that induction of some more missiles is in pipeline. In this connection missile system developed by BrahMos Aerospace Private Limited in a joint venture formed by DRDO (India) and NPOM (Russian Federation) has maximum range of 290 kms. The Ministry has informed that the induction of this missile system is on going. Besides procurement of Akash Missile system is at an advanced stage of fructification. Some more planned projects are upgradation of Self Propelled Air Defence System Gun Missile System, Schilka Gun system and L 70 gun. While taking note of the existing position of missiles and missile defence system in Army, the Committee strongly recommend to induct/upgrade the planned missiles in stipulated time frame so that Army is geared up so as to provide substantial deterrent capability.

Sainik Schools

23. While noting that the administration of Sainik Schools is ailing from variety of maladies, the Committee have consistently been recommending that entire funding of all Sainik Schools should be

made by the Central Government on the pattern of Kendriya Vidyalayas. The Ministry's stand in this regard has been that Sainik Schools are conceived as a joint venture of the Central Government and State Governments. When the issue was again raised during the course of the examination of Demands for Grants of this year, the recommendation does not seem to be agreeable to the Ministry. The Secretary of the Ministry during the course of the deliberations emphasized that it is Bhagidari with the States which is forcing the Ministry to share expenditure with the States. The Secretary further elaborated that the Centre-State share was 50-50 and now in some States the Centre's share has been increased to sixty per cent. In this connection, the committee would like the Ministry to furnish the name of the States which are finding it difficult to bear the finances involved in running these schools. Besides the Committee would also like to be apprised about the name of the States in which case the Centre share has been increased from 50 to 60 per cent as stated by the Secretary.

The Committee may again like to emphasize that Sanik Schools have always played a unique role as a recruiting and training ground of future officers of the forces. As such there is an urgent need to look into the concern of various States with regard to meeting the desired expenditure in running the schools. As acknowledged by the Secretary, the expenditure of running Sainik Schools is just Rs. 50 to 60 crore which can easily be born by the Central Government. As far as the concept of Bhagidari is concerned, the States are already providing land for these schools. To further ensure the State's involvement in running these schools, the Committee recommend that the Centre funding may further be increased to 90 per cent. 10 per cent funding by the State Governments as well as their bearing the land part would be sufficient to justify the Bhagidari concept. Moreover this would also address the issue of some of the States who are not able to bear the working expenditure of these schools.

Jawans as Sahayaks to Officers

24. The Committee are informed that thousands of trained soldiers are being used as Sahayaks to the Officers/Junior Commissioned Officers. The Ministry argued in favour of Sahayaks stating that the Sahayaks assist the officers in communicating on the radio, delivering messages, erecting shelters, and when isolated in operations and other similar conditions. In operations, the army

functions in teams of two personnel each. Every sub unit has earmarked teams wherein the two individuals function as a well knit team. One covers the movement of the other and protects him in operations. Support has to be total-mental, physical and moral. The officer/JCO and his Sahayak thus become a team; it is essential that in peace time a team spirit and personal equation is allowed to develop between the two. The provision of this facility is essential in the Army for leaders to carry out their assigned tasks effectively. It is a relationship based on faith, respect for each other where laying down own life for the other is quite a norm. This cannot be developed instantaneously and deserves to be built up over a period of time. However, the Committee are not convinced with the view point put forth by the Ministry and feel that as the practice of Sahayaks is also not present in Navy and Air Force, this practice should be abolished in army also.

The Committee are further dismayed over the fact that recommendation of the Committee made in their Thirty-first report on 'Stress Management in Armed Forces' was misquoted in the circular issued by the AG Branch of Army, which stated that scrapping/abolition of the practice of employment of Sahayaks would not be in the organisatonal interest and was even not commented upon as such in the Report of the Standing Committee. Not only that the Ministry of Defence too did not notice the misreporting of the recommendations of the Committee. The Committee place on record their anguish over the disrespect to one of their important recommendation and the Ministry owe an explanation in this respect.

Pension to ESM who retired pre-independence period

25. The Committee note that World War I & II veterans at present are being provided some sort of financial assistance. As per the written note of the Ministry, State/UTs, have been approached by the Department of Ex-servicemen Welfare for enhancing the financial assistance to a minimum level of Rs. 3000 per month. As, such some of the States have increased the amount and the financial assistance differ from States to States depending upon their financial resources. From the aforesaid position, it seems that these world war veterans may also be getting financial assistance even less than Rs. 3000 per month. The Committee in this regard would like to be apprised of the details of the financial assistance being provided to these veterans State/UTs wise.

26. The Ministry has stated that there are 43362 World War II veterans. World War happened in 1939 to 45. If the average age of the veterans at the time of World War is presumed as 20 years, average age of veterans today would be approximately 90 years plus. Keeping in view the aforesaid position, the data furnished by the Ministry do not seem to be realistic. The Committee feel that only few veterans that too with regard to World War II may be alive. As such there is an urgent need to ensure that these veterans live with dignity at the fag end of their life. Even if it is considered that all States are paying as Rs. 3000 per month, the Committee consider it a petty amount more so when the veterans are not provided facilities like ECHS, CSD canteen. The Ministry should collect the data of such veterans State/UT wise and should ensure that adequate financial assistance and other facility like ECHS, CSD canteen admissible to other armed forces personnel be given to them.

Benefits to War Widows

27. The Committee while examining the Demands for Grants of the previous year had noted that the Government has not maintained any data with regard to war widows and disabled soldiers who had laid down their lives and disabled pensioners who had lost their limbs to safeguard their nation, even though certain benefits are being provided to them. The Ministry in the action taken note has stated that action is in progress for getting the data of disabled/war disabled pensioners and as a result of concerted efforts made some data in respect of disabled/war disabled pensioners has been received. When the position was reviewed while examining Demands for Grants 2011-12, the Ministry has again informed that the process of collection of data is in progress and some data which has been reported by PCDA(P), Allahabad right from 1951 onwards, however, does not include the data relating to Air Force and Navy after 1985. It has further been stated that there is no proposal to increase the family pension to war widows.

The Committee are surprised to note that even when some benefits are being provided to war widows and disabled soldiers, the Ministry could not maintain the data in this regard even after pursuing the matter by the Committee in their various reports. The Committee may like to emphasize here that it is the duty of the Nation to take care of the families of the martyrs who have laid down their lives for the motherland. To review the position with regard to the benefits

extended to these martyrs it is utmost necessary to collect the preliminary data. As such, the Committee again like to emphasize that the Ministry should collect the data from various sources particularly when war widows and disabled soldiers are already being provided some benefits. The position of financial and other benefits being extended may be reviewed after getting the preliminary information and it should be ensured that adequate benefit is provided to enable the war widows and disabled pensioner a life of dignity. The concrete action in this regard should be taken and the Committee informed accordingly.

Facilities to Medal Winners

28. The Committee note that Sena Medal is ranked higher in the Order of Precedence than Police Medal for Gallantry and the awardees of Police Medal for gallantry have been allowed 75% concession on basic air fare by Indian Airlines, and free II AC/ Sleeper travel along with a companion by Railways. No such concession has been extended to Sena/Nao/Vayu Sena Medal awardees by the Air India/Railway Board. The Committee also note that the Ministry has taken up the matter regarding parity in rail concessions with the Railway Board.

Considering the fact that Sena Medal awardees are ranked higher in the Order of Precedence than Police Medal for Gallantry and both the medals are given for same type of valour, therefore, the Committee desire that awardees of all three types of sena medals *i.e.* Sena/Nao/ Vayu should also be given facilities/concessions in rail and air travel as provided to the winners of police medals.

Ordnance Factories

29. From the data supplied by the Ministry it is seen that expenditure on modernization is on the decrease for the last two years. In 2008-09, Ordnance Factory Board spent Rs. 627.23 crore on modernization, while this expenditure came down to Rs. 492.61 crore in the year 2009-10. The Committee note that initiatives have been taken for modernization by inducting State of the art technology, which include Quality Management System, Technology up-gradation, modernization of civil infrastructure etc. A Comprehensive Long-term Modernization Plan covering Plants and Civil Works has also been prepared by each Ordnance Factory, which is under finalization.

The Committee note that the value of export of products is also not impressive all these years and number of countries, where products are being exported has also come down. The Committee are of the view that almost all the Ordnance Factories are highly capital intensive units and a budget of approximately Rs. 500 crore is not sufficient to modernize all the factories. Therefore, the Committee desire that the adequate budgetary support should be provided for the modernisation programme of Ordnance Factories so they can turn into vibrant and efficient organisation and become capable of producing State of the art products for supply to Indian Armed Forces and to the world market.

Analysis of the Budgetary allocation for Air Force

30. The Demands for Grants of Air Force during the year 2011-12 are for Rs. 46209.98 crore against the allocation of Rs. 40462.45 crore during the previous year. The trend of expenditure under the Capital head indicates under spending during the first three years of the Eleventh Plan. The under-spending during the year 2008-09 was for Rs. 2673.22 crore and Rs. 1563.30 crore during 2009-10. Although the allocations made for Air Force under Capital and Revenue heads are being increased in absolute term, the under-spending has resulted into lower percentage - wise spending under the Capital head. The said percentage was 15.72 per cent during 2008-09 which declined to 13.09 per cent during the year 2009-10. Although Air Force have been able to spend the allocation under the Capital Head fully during the year 2010-11 as acknowledged by the Secretary, the Committee's examination has revealed that during the Eleventh Plan Rs. 96746.28 crore were allocated for modernization of Air Force. However, the actual expenditure incurred upto 28 February, 2011 is Rs. 60963.51 crore. The Ministry has informed that the balance amount *i.e*. Rs. 35782.77 crore would be spent in the remaining part of the Eleventh Plan. The Committee observe that acquisition for Air Force are highly capital intensive. Keeping in view the fact that acquisition for some of the aircraft, helicopter, radars etc. are in pipeline, and Air Force target is to reach a level of 42 squadrons by the end of Thirteenth Plan, the Committee strongly recommend that the required allocation particularly under the capital head should be made available to Air Force so that the important projects do not suffer for want of resources. Further, while recommending for adequate resources to Air Force, the Committee would also like to emphasize that the resources made available to

Air Force should be effectively utilized so that the Ministry of Defence can present their case effectively to the Ministry of Finance for getting the adequate allocations.

Shortage of officers and PBOR in Air Force

31. As per the information made available by the Ministry, against the sanctioned strength of Air Force officers *i.e.* 12,221, the present strength is 11,403, thus the shortage being of 828 officers. In case of Persons Below Officer Rank (PBOR), the sanctioned strength is 1,32,382 and the present strength is 1,28,760, the shortage being 3,622 as on date. Besides there is shortage of 137 non-combatants (Enrolled). The Committee find that various initiatives are being taken by the Government to meet the shortage of officers and PBOR. Such initiatives include participation in career fair, exhibitions, advertisement in print and electronic media, motivational lectures in schools, colleges, visuals/ signages all over the country at strategic locations. The Committee have further been informed by the Ministry that the existing deficiency in PBOR is expected to be made good by March, 2012. The Committee hope that with the aforesaid initiatives being taken by the Ministry, the shortage of PBOR in Air Force would be made good by the stipulated deadline *i.e.* by March, 2012.

32. With regard to the shortage of officers, the Committee noted that out of the deficiency of 828 officers 414 is for pilots The Committee during the course of deliberations have been informed that the proposal with regard to considering NCC Cadets and pilots with civil licence for recruitment in Air Force is under consideration. The Committee have also been informed that the basic qualification requirement is not being diluted. The Committee feels that there may be sufficient number of NCC Cadets and pilots with civil licence which may meet the basic qualification requirement of Air Force and by taking the decision in this regard, Air Force may be able to recruit some additional pilots. The Committee as such strongly emphasize to take early decision in this regard.

Accidents of Aircraft in Air Force

33. The Committee noted from the information furnished by the Ministry that 999 aircraft accident cases in Air Force have so far been reported since 1970. So far as the cause of accidents is concerned, the analysis of the data made available by the Ministry indicates that in

majority of the cases the cause is technical defect or human error (Aircrew). In 39.5 per cent of the cases technical defect is the cause and in almost equal number of cases *i.e.* 39 per cent of the cases human error (Aircrew) is the reason. On the issue of addressing to the human error aspect, the Committee note that training of the pilots can play an important role. In this context, there is an urgent need to have adequate trainers and simulators. The Ministry itself has acknowledged that an area of concern has been the availability of suitable trainer aircraft to meet the training requirement of our young pilots. The Committee further note that the existing strength of Indian Air Force trainer fleet includes HPT-114 number, Kiran MK-II/IA-96 number, Kiran MK-II-41 number, HAWK-42 number, Chetak-35 number, Dornier-19 number, AN-32-8 number and AVRO-6 numbers. Majority of the trainers are HPT-114 and Kiran MK-1/IA-96. The Committee have further been informed that HPT-32 and Kiran MK I and II would be replaced with the new induction of Basic Trainer Aircraft, the Intermediate Jet trainers and the Advance Hawk Jet trainer aircraft. The representative of the Air Force during the course of deliberations has acknowledged that they have issues of Advance Jet Trainer which they did not have for a number of years. The Committee feel that there is an urgent need to modernize the trainer fleet of IAF and as such the proposed inductions should be acquired expeditiously so that the outdated trainer aircraft are replaced which would certainly improve the training scenario in Air Force.

Accidents of MIG aircrafts

34. The Committee find from the information made available by the Ministry that accident rate in MIG aircraft is rather more high. 476 MIG aircraft so far have met with accidents and the remaining fleet is 470 aircraft. Thus more than 50 per cent MIG aircraft have already met with accidents. The Ministry has acknowledged that majority of technical defect accidents pertain to old technology aircraft. Problems associated with vintage technology especially aero engine malfunctions in MIG-21 and MIG 27 are more pronounced. The Committee have further been apprised that these aircraft have even been phased out of the Russian Air Force like MIG-27 and we are the only Air Force in the world which is flying this aircraft now. In the aforesaid scenario, the Committee feel that the policy regarding extensions of life span, the existing infrastructure and mechanism for training of pilots are the prime factors which need a relook. The

Committee may like to strongly emphasize that all the initiatives should be taken to ensure that planned acquisitions of aircraft are in place within the stipulated timeframe so that these old MIG aircraft can be phased out as early as possible.

The comparative study of acquisition of defence aircraft in various Countries

35. The detailed deliberations with the representatives of MoD and Air Force in the context of examination of Demands for Grants has revealed that the Ministry did not have the information with regard to the rate of accidents of MIG aircraft in the manufacturing countries as well as the other countries which have purchased these aircraft. The Secretary has acknowledged that Russians are extremely reluctant to share certain information. The Committee feel that the selling countries not divulging the vital information is a matter of serious concern. Our system of making purchases without making the selling country binding for sharing such information is to be blamed in the aforesaid scenario. As such, the Committee strongly recommend that in all the future purchases the condition to mandatorily sharing the information with regard to the accidents and helping us in case of technical defect should be inbuilt in the agreement itself. Besides, the Ministry and Air Force should try to gather the information about accidents of various types of aircraft through our intelligence mechanism so that a comparative study can be made which would definitely help the country in taking corrective action to check the rate of accidents.

Investigation of cases of accident in Air Force

36. As per the information furnished by the Ministry, 13 cases with regard to accidents of aircraft in Air Force are under investigation. In this connection, the Committee would like to be apprised since when these investigations are going on. The Committee may also like to be apprised about the average time taken in investigation of accident of aircraft in Air Force.

Synergy between HAL, DGAQA, Air Force and MoD

37. The Committee from the detailed information made available by the Ministry with regard to the reasons of accidents of aircraft in Air Force note that in some of the cases HE/HAL (Human Error/

Hindustan Aeronautics Limited) and TD/HAL (Technical Defect/ Hindustan Aeronautics Limited) has been given as the reason for the accident. Besides, the Ministry in the written note has acknowledged that inadequacy of quality checks/assurances for the aircraft services/ overhauled/produced at Hindustan Aeronautics Limited need to be addressed on priority. Not only that the Ministry has also stated that the process of enforcing quality assurances by Director General Aerospace Quality Assurances (DGAQA) further need to be strengthened. The Committee while taking note of the areas of concern may like to urge that these issues need to be taken up with HAL and DGAQA on an urgent basis. Besides, there is an urgent need to synergize the efforts made for flight safety amongst the various agencies *viz*. HAL, DGAQA, Air Force and MoD. The periodicity of quality checks may further need to be reviewed.

Setting up of crash laboratory and a wreckage museum

38. The Committee find that a crash laboratory is being set up at Institute of Safety for giving a practical exposure of accidents investigation and build up expertise level. Alongside, a wreckage museum is also being set up with display of cut out models of crashed aircrafts components as training aids. The Committee note that all the proposed initiatives are in the right direction and the crash laboratory and wreckage museum should be set up expeditiously.

Transport fleet

39. The Committee find that efforts are being made to modernize the transport fleet of Air Force. A proposal for procurement of ten C-17 heavy lift aircraft is being processed. Besides an agreement was signed on 31 January, 2008 for procurement of six C-130-J-30 transport aircraft for IAF. AN-32 aircraft of IAF is also being upgraded. While taking note of the efforts being made to augment the transport fleet, the Committee strongly emphasize to finalize the proposals for upgradation and acquisitions expeditiously. Besides adequate outlay for the purpose should also be made available.

Modernization of Air Field Infrastructure

40. The Committee find that all the 52 air fields being used by Air Force in the country are proposed to be modernized in two phases under MAFI project. In the first phase, 30 air fields would

be undertaken for modernization and the remaining would be undertaken in phase two of the project. With regard to the status of the MAFI-I and MAFI-II the Committee have been informed that the case for modernization of balance 26 air fields of IAF, Army, Navy and Coast Guard etc. under Phase II will be initiated within 18-24 months of signing of the contract for MAFI-I keeping in view the experience gained during implementation of Phase-I. No cost has been estimated as yet for the 2nd phase. The Ministry has also informed that the contract would be signed during the current financial year entailing an outgo of about Rs. 183 crore. As Air Force require air fields from the strategic point of view, the Committee emphasize that commercial negotiations for first phase should be completed expeditiously so that the modernization process with regard to MAFI-I starts followed by modernization of the remaining air fields under MAFI-II. All the desired allocations required for the purpose should be made available.

41. The Committee find that out of 52 operational IAF bases, 8 air fields bases do not have electrical air field lighting and regular night operations are not undertaken from these places. On completion of MAFI Phase I and II, the Ministry has stated all the IAF air fields will have electrical air field lighting system to facilitate night landing. The Committee may like to emphasize that the said 8 air fields which do not have electrical air field lighting should be covered on priority basis under the modernization programme so that the electrical air field lighting in all the air fields is available which may ensure regular night operations from the said bases.

DRDO

42. The Committee observe that the allocations for R and D in defence have consistently been increased in absolute terms. However, if the R and D budget as percentage of the total budget is taken into consideration, there is decline during the year 2011-12 as compared to the previous year. The said percentage during the year 2011-12 is 6.24 against 6.66 of the previous year. Not only that there is a gap of Rs. 4595.70 crore in the proposed allocation and allocation provided at Budget Estimate stage during the year 2011-12. The Secretary, DRDO during the course of deliberations have informed the Committee that DRDO's total production value this year is about Rs. 48,000 crore which is leading to self-reliance through the industry. The Secretary, further

enumerated about the achievements of DRDO during the last one year which include testing of Interceptor Missile, launching of Agni-II Missile, Brahmos launch, Astra Missile flight trials, production of Akash Missile, the completion of first flight trial of Missile Helina and Initial Operational Clearance of LCA , designing and development of Rustom in the area of UAV. The Secretary further highlighted that significant progress has been made with regard to under water sensors and sonars. The Committee while appreciating the achievements of DRDO would like the organization to keep up the momentum so that the country can achieve self-reliance in defence production. The Committee would also like to emphasize that adequate allocations should be made available for R and D so that DRDO programmes do not suffer for want of resources.

LCA and Kaveri Engine

43. The Committee have consistently been emphasizing in their reports to sort out all the problems being faced with regard to LCA so that it is made operational. From the information furnished by DRDO, the Committee note that initial operational clearance of LCA has been completed on 10 June, 2011. Newer version of LCA is ready and its first flight is scheduled this year. So far as the issue of the Kaveri engine is concerned, the Committee find that some problems are being encountered on the issue of integration of Kaveri into LCA. The Secretary, DRDO during the course of deliberations assured the Committee that Rs. 10,000 crore spent on LCA are worth as technology levels have come up. He also informed that Indian Navy and Railways have shown interest in Kaveri. The Committee note that Tejas Project was initially sanctioned in the year 1983 and at last operational clearance on LCA could be completed. The Committee in this regard would again like to emphasize that all the issues related to integration of Kaveri with Tejas should be sorted out expeditiously so that LCA is operational and our Services and other agencies like Railways can be benefited by the technology developed indigenously by DRDO.

Rama Rao Committee

44. The Committee have consistently been requesting the Ministry of Defence to apprise the Committee about the details of the recommendations made by P. Rama Rao Committee on the restructuring of DRDO. The Ministry have not been furnishing the information on

the pretext of being confidential. At last now, the status of seven recommendations made by P. Rama Rao Committee which include some of the important issues like formation of Defence Technology Commission, creation of Commercial Arm of DRDO and decentralization of finance has been made available to the Committee. The Committee note that the recommendations are at various stages of implementation. The Committee again emphasize to implement at least the recommendations on which final decision has been taken by the Government which would definitely go a long way in effective functioning of DRDO.

Attrition of DRDO Scientists

45. The Committee find some of the gaps between the authorized and the existing strength of Scientists in DRDO. As on January, 2011, the strength of Scientists is 7854 against the authorized strength of 8214 thus the gap being of 360 Scientists. The Committee are further constraint to note the level of attrition of Scientists during the year 2010. As per the information made available by DRDO only one top scientists of the rank of 'Distinguished Scientists' has taken voluntary retirement from DRDO in the year 2010. At lower levels, three scientists in the field of computer science and seventeen scientists in the field of electronics and communication have resigned from DRDO during 2010. The Committee are concerned to note that even when 21 scientists including one 'Distinguished Scientist' have left the organization, DRDO do not seem to be bothered about the alarming trend. DRDO seems to be contended by taking note of the fact that attrition is less than one per cent of the total strength of scientists. The Committee take the attrition of scientist in DRDO seriously and strongly recommend to analyze the position critically so as to know the specific reasons of scientists leaving such a prestigious organization. Besides, the Committee would also like to emphasize that a comparative analysis of the salary and other perks being made available to scientists of DRDO and in the private sector should be done so as to have proper analysis of the impact of the recommendations of Sixth Pay Commission.

Analysis of Naval Budget

46. The allocations at BE stage exclusively for Navy during the year 2011-12 are for Rs. 25246.89 crore against the projected outlay of

Rs. 40541.07 crore. The analysis of the data further indicates that the gap between projected and BE allocations is there during each year of the Eleventh Plan. However, during the year 2011-12 the said gap (Rs. 15,194.18 crore) is more pronounced. Another trend noticed is allocations at BE stage during each year are being enhanced at RE stage. While taking note of the adhocism in providing allocations for Navy, the Committee in Sixth Report had recommended to provide adequate funds at BE stage. The Committee had also recommended to provide additional requirement of Rs. 4481 crore as required by Navy during the year 2010-11. When the position was reviewed during this year, the Committee have noted that even when the observation of the Committee was brought to the notice of Ministry of Finance, the additional requirement was neither provided nor any formal response was made by the Ministry of Finance. Consequently, Navy's requirement of additional funds under Capital segment has been met through internal appropriations at RE stage. The Committee note that contracts for various projects towards capability enhancement and modernization of Indian Navy have already been concluded and some of the important projects are in the pipeline. Besides many ships and submarines are under construction in India and overseas. As such the Committee strongly recommend that adequate allocations for Navy should be provided at BE stage itself so as to provide certainty of allocations to Navy.

Delay in acquisition and cost escalation thereto

47. The Committee find from the information made available by the Ministry that delivery schedule in respect of some of the important projects of Navy has been revised resulting into huge cost escalation. Some of the delayed projects in this regard are Gorshkov, P-15, P-15A and P-17. The analysis of the data furnished by the Ministry indicates that cost escalation in respect of Gorshkov, P-15, P-15A and P-17 has in fact been four times of the initial estimated cost. While deploring the delay in acquisition of some of the important projects, the Committee strongly recommend that all the precautions should be taken so as to ensure that delivery of important projects is not further delayed and the projects are delivered by revised indicated dates. The Committee may also like to be informed about the specific reasons for delay of the said projects.

Training base at INS Chilka

48. The Committee find that with the augmentation of security along the coast, the pressure on INS Chilka located in Orissa which is a training base for sailors for Indian Navy and Coast Guard has gone up substantially. The training load is at peak as stated by the representatives of the Ministry of Defence. In view of this, the Committee would like to recommend to take all the initiatives to augment the infrastructure so that the quality of training is not compromised.

Fool proof coastal surveillance network

49. Modernization of Coast Guard Organisation and integration of various agencies involved with coastal surveillance had gained momentum post Mumbai terrorist attacks. However, there is still persistent threat scenario through sea routes and there is an imperative need for creating a fool proof coastal surveillance network. Establishment of Coast Guard Stations, Marine Police Stations on hub and spoke basis, setting up of coastal radar chain network and constitution of National Committee on strengthening Maritime and Coastal Security against threats from the sea with Cabinet Secretary as Chairman are appropriate measures. Making Indian Navy as the agency responsible for overall Maritime security including coastal security is also a step forward in reducing ambiguities. Nevertheless, in view of the Committee, there is still need for effective gap analysis and further strengthening of coastal security network. Coast Guard may also speed up the work related to identification of suitable transponders/GPS. The process of land acquisition for establishing Minicoy Coast Guard Air Enclave and other infrastructure related issues should further be paced up so as to augment the surveillance in the region.

Anti Piracy Operations

50. The constant piracy/robbery threats by Somalian pirates in the Indian ocean is a cause of concern. Vulnerability to piracy/robbery etc. affect country's strategic maritime interests. Sea trade consists of major volume of country's financial trade and it is vital for appropriate growth. Hence, It is pertinent for Navy to create safe and secure maritime environment. Therefore, the Committee recommend the Ministry to consider setting up of a separate unit under Indian Navy

to deal with the issues related to piracy. Beside, stringent measures may be taken in the direction of making Indian Maritime Zone safe for trade.

NEW DELHI;
20 *June,* 2011
30 *Jyaistha,* 1933 *(Saka)*

SATPAL MAHARAJ,
Chairman,
Standing Committee on Defence.

ANNEXURE

(*Vide* Para 2.23)

MOST IMMEDIATE
VIP REFERENCE

Tele: 35054

B/32099/AG/PS-2(c) 01 May 2009

ADJUTANT GENERAL'S BRANCH

PS-2

ABOLITION OF DOMESTIC SAHAYAKS

1. Reference MoD note No 18(11)/2009-D(AG) dated 11 February 2009.

2. Comments are given in the succeeding paragraphs.

3. Sahayaks are authorized to Officers and JCOs in the Army when serving with units or HQs functioning on War Establishment. The scale of authorization of Sahayaks is as given below:—

(a) One for every field officer and above.

(b) One for every two officers of the rank of captain and below.

(c) One for every subedar major.

(d) One for every two JCOs of the rank of subedar and below.

4. Sahayak is a comrade-in-arms to Officer/JCO symbolizing trust, respect, warmth, confidence and interdependence, which are

the fundamentals of relations between the leaders and the led. He is a soldier who in addition to his duties provides the essential support to authorized officers and JCOs,- both in peace and war to enable them to fully attend to their assigned duty. He also provides leaders a direct contact with men and thus enables officers and JCOs to gain an insight into the state of morale and well being of men. The rapport between officers and sahayaks has led to enhancement of the espirite-de-corps in a unit which is vital' during war and peace.

5. Comprehensive instructions have been issued laying down various guidelines for employment of sahayaks. It was stressed that there is an urgent and continuous need to impress upon all concerned that sahayaks being combatant soldiers under no circumstances are employed on a job which is not in conformity with the dignity and self-respect of a soldier. It is the duty of all officers/JCOs and Cdrs in the chain to ensure that strict checks are instituted to prevent misuse of sahayaks. Any violation of existing instructions and guidelines should be dealt with' suitable punitive action. In this connection a copy of this HQ letter No B/32099/AG/PS-2(c) dated 27 Jul 2007 is enclosed.

6. During the Army Cdrs Conf Oct 2008, the COAS has directed that comprehensive orders existed on the subject of sahayaks and the same needed to be implemented correctly. The instructions were reiterated to the environment vide this HQ letter No B/32099/AG/PS-2(c) dated 23 December, 2008 (copy enclosed).

7. It has always been the endeavour to educate all ranks about proper utilization of Sahayaks. Scrapping / abolition of the practice of employment of Sahayaks will not be in the organizational interest and was even not commented upon as such in the Report of the Standing Committee. It is therefore recommended that sahayaks be retained to build the rapport to maintain excellent officer-man relationship which would stand in good stead in combat and also peace. This is essential for units, as unlike in other organizations regimentation is an extremely important facet of the Army and needs to be nurtured for optimizing effectiveness. Comparison of the Army with CPMF in this respect is not

appropriate as the service conditions and operational requirements of the Army are of an entirely different nature.

8. This has the approval of COAS.

(Sanjay Singh)
Col
Dir PS-2

MoD/D (AG)

Copy to:—

AG/MP-1

APPENDICES

MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON DEFENCE (2010-11)

The Committee sat on Monday, the 4th April, 2011 from 1500 hrs. to 1730 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Satpal Maharaj — *Chairman*

MEMBERS

Lok Sabha

2. Shri Harish Chaudhary
3. Shri Kamal Kishor 'Commando'
4. Dr. Sucharu Ranjan Haldar
5. Shri Asaduddin Owaisi
6. Prof. Prasanna Kumar Patasani
7. Shri A.T. Nana Patil
8. Shri C.R. Patil
9. Shri Baju Ban Riyan
10. Shri Mahabali Singh
11. Rajkumari Ratna Singh

Rajya Sabha

12. Shri Avinash Rai Khanna
13. Shri Mukut Mithi
14. Shri Birender Singh
15. Shri Ram Kripal Yadav

SECRETARIAT

1. Shri T.K. Mukherjee — *Joint Secretary*
2. Smt. Sudesh Luthra — *Director*
3. Smt. Jyochnamayi Sinha — *Deputy Secretary*

WITNESSES

1. Shri Pradeep Kumar, Defence Secretary
2. Shri R.K. Singh, Secretary (DP)
3. Smt. V.K.Gupta, Secretary (Def. Finance)
4. Smt. Neelam Nath, Secretary (ESW)
5. Shri Shekhar Agarwal, Special Secretary (A)
6. Shri R.K. Mathur, Special Secy. (M)
7. Shri Vivek Rae, DG (Acq.)
8. Shri G. Elangovan, CCR&D (R&M)
9. Shri V. Somasundaran, Addl. Secy. (DP)
10. Shri Amit Cowshish, FA (Acq.) & Addl. Secy.
11. Shri Binoy Kumar, JS (O/N)
12. Shri Gyanesh Kumar, JS (NS)
13. Dr. S.C. Pandey, JS & Addl. FA

Representatives of the Ministry of Defence/DRDO

Army Hqrs.

1. Lt. Gen. A.S. Lamba, VCOAS
2. Lt. Gen. J.P. Singh, DCOAS (P&S)
3. Lt. Gen. A. Mukherjee, DG FP
4. Maj. S.K. Wadhawan, ADG FP

IDS Hqrs.

1. Vice Adml. D.K. Joshi, CISC
2. V. Adml. Shekhar Sinha, DCIDS (PP&FD)
3. Cmde B.S. Ahluwalia, DACIDS (Budget)

Naval Hqrs.

1. Vice Adml. D.K. Dewan, VCNS
2. R. Adml. A.K. Chawla, ACNS (P&P)
3. Cmde. A.B. Singh, PDNP
4. Cmde. H.P. Singh, JDNP

Air Hqrs.

1. Air Mshl. R.K. Sharma, DCAS
2. Air Mshl. J. Neri, AOM
3. AVM Mathew George, ACAS (Fin. P)

2. At the outset, the Chairman welcomed the members and representatives of the Ministry of Defence to the sitting of the Committee and drew their attention to Direction 58 of Directions by the Speaker Lok Sabha. The Chairman initiated the discussion and requested the representatives of the Ministry of Defence to brief the Committee on the various issues on agenda which include overall Demands for Grants of the Ministry of Defence, Civil, Navy and Joint Staff in the context of examination of Demands for Grants (2011-12) through a power points presentation. The Committee had detailed deliberation on the various issue in the context which include marginal hike of overall defence budget, decline of defence expenditure as a percentage of GDP, under spending in the Capital Head during the first three years of the Eleventh Plan, adhocism in the allocation to the Ministry of Defence, non-finalisation of Eleventh Plan, need for independent regulator for the management of Defence Land, preparation of Outcome Budget, implementation of 'One Rank One Pension' slow progress of construction of border roads and releasing of spectrum etc.

3. The representatives of the Ministry responded to the queries raised by the Members during the deliberations. As regards the points on which the representatives could not readily respond, they promised to furnish written information at the earliest.

A copy of verbatim record of the proceedings has been kept.

The Committee then adjourned.

MINUTES OF THE EIGHTH SITTING OF THE STANDING COMMITTEE ON DEFENCE (2010-11)

The Committee sat on Tuesday, the 5th April, 2011 from 1500 hrs. to 1730 hrs. in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Satpal Maharaj — *Chairman*

MEMBERS

Lok Sabha

2. Shri Kamal Kishor 'Commando'
3. Shri H.D. Devegowda
4. Dr. Sucharu Ranjan Haldar
5. Shri Bhaskar Rao Patil Khatgaonkar
6. Shri Asaduddin Owaisi
7. Shri A.T. Nana Patil
8. Shri Amarnath Pradhan
9. Shri J. Ramesh
10. Shri Baju Ban Riyan
11. Shri Mahabali Singh
12. Rajkumari Ratna Singh

Rajya Sabha

13. Shri Avinash Rai Khanna
14. Shri Birender Singh
15. Shri Ram Kripal Yadav
16. Shri Naresh Gujral

SECRETARIAT

1. Shri T.K. Mukherjee — *Joint Secretary*
2. Smt. Sudesh Luthra — *Director*
3. Smt. Jyochnamayi Sinha — *Deputy Secretary*

Representatives of the Ministry of Defence

1. Shri Pradeep Kumar, Defence Secretary
2. Shri R.K. Singh, Secretary (DP)
3. Smt. V.K. Gupta, Secretary (Def. Finance)
4. Smt. Neelam Nath, Secretary (ESW)
5. Shri Shekhar Agarwal, Special Secretary (A)
6. Shri R.K. Mathur, Special Secy. (M)
7. Shri Vivek Rae, DG (Acq.)
8. Shri V. Somasundaran, Addl.Secy (DP)
9. Shri Amit Cowshish, FA (Acq.) & Addl. Secy.
10. Smt. Rashmi Verma, JS (LS)
11. Shri Subhash Chandra, JS (G/Air)
12. Lt. Gen. A.S. Lamba, VCOAS
13. Lt. Gen. J.P. Singh, DCOAS (P&S)
14. Lt. Gen. A. Mukherjee, DG FP
15. Lt. Gen. P.S. Bhalla, DG NCC
16. AVM G.P. Singh, Addl. DG (A)
17. Brig. R.K. Singh, DDG Lgs.
18. Brig. S. Ajit, I.O, Sainik School

2. In continuation of the deliberations held by the Committee at the sitting held on 4 April, 2011 on the Demands for Grants of the Ministry of Defence for the year 2011-12, the items on agenda for the sitting were Army, NCC and Sainik Schools. In this context, at the outset, the Chairman welcomed the members and representatives of the Ministry of Defence to the sitting of the Committee and drew their attention to Direction 58 of Directions by the Speaker, Lok Sabha relating to maintaining confidentiality of the proceedings of the sitting of the Committee till the report on the subject is presented to Parliament.

3. The representatives of the Ministry thereafter explained to the Committee various aspects related to Demands for Grants 2011-12 in respect of the aforesaid items through power point presentation. The Committee held detailed deliberations on various aspects which include

modernisation and upgradation of artillery, long time taken in trial of weapon systems, shortage of officers in army, issues related to ICBMs, participation of private sector in defence production, upgradation of T-72 tanks and performance of Arjun Tanks, increase in number of chartered flights for soldiers, issues related to Arun Singh Committee report, Sahayak to army officers, benefits to ex-servicemen, war widows and disabled soldiers, budgetary grants to Sainik Schools etc.

4. The representatives of the Ministry responded to the queries raised by the Members during the deliberations. As regards the points on which the representatives could not readily respond, they promised to furnish written information at the earliest.

A copy of verbatim record of the proceedings has been kept.

The Committee then adjourned.

MINUTES OF THE NINTH SITTING OF THE STANDING COMMITTEE ON DEFENCE (2010-11)

The Committee sat on Monday, the 18th April, 2011 from 1500 hrs. to 1730 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Satpal Maharaj — *Chairman*

MEMBERS

Lok Sabha

2. Shri Harish Chaudhary
3. Shri H.D. Devegowda
4. Dr. Sucharu Ranjan Haldar
5. Shri Kapil Muni Karwariya
6. Shri Asaduddin Owaisi
7. Shri A.T. Nana Patil
8. Shri C.R. Patil
9. Shri Amarnath Pradhan
10. Shri C. Rajendran
11. Shri J. Ramesh
12. Shri Baju Ban Riyan
13. Shri Mahabali Singh

Rajya Sabha

14. Shri Avinash Rai Khanna
15. Prof. P.J. Kurien
16. Shri Mukut Mithi

17. Shri T.K. Rangarajan
18. Shri Birender Singh
19. Shri Naresh Gujral

SECRETARIAT

1. Shri T.K. Mukherjee — *Joint Secretary*
2. Smt. Sudesh Luthra — *Director*
3. Smt. Jyochnamayi Sinha — *Deputy Secretary*

Representatives of the Ministry of Defence

1. Shri R.K. Singh, Secretary (DP)
2. Shri R.K. Mathur, Special Secy. (M)
3. Shri Vivek Rae, DG (Acq.)
4. Shri V. Somasundaran, Addl. Secy. (DP)
5. Shri Gyanesh Kumar, JS (NS)
6. Smt. Rashmi Verma, JS (LS)
7. Shri Satyajit Rajan, JS (ES)
8. Shri P.K. Mishra, JS (MS)
9. Smt. Preeti Sudan, JS&AM (MS)
10. Shri R.K. Ghose, JS & AM (Air)
11. Maj. Gen. N.S. Vidyardhi, TM (LS)
12. R. Adml. A.K.Chawla, ACNS (P&P)
13. Lt. Gen. V.K. Mehta, DGQA
14. Shri S.N. Singh, ADGQA (Adm.)
15. Shri K.S. Manjunatha, ADGQA (PP&T)
16. Brig. T.P. Singh, DDGQA
17. Dr. V.K. Saraswat, Secretary (R&D)
18. Smt. Vijayalakshmy K. Gupta, Secretary (Def. Fin.)
19. Shri Amit Cowshish, FA (Acq.) & Addl. Secy.
20. Shri P.K. Kataria, JS & Addl. FA (K)

2. In continuation of the deliberations held by the Committee at the sittings held on 4 and 5 April, 2011 on Demands for Grants of the Ministry of Defence for the year 2011-12, the items on agenda for sitting were Procurement Policy, Directorate General of Quality Assurance, Ordnance Factories and Defence Public Sector Undertakings. In this context at the outset, the Chairman welcomed the members and

representatives of the Ministry of Defence to the sitting of the Committee and drew their attention to Direction 58 of Directions by the Speaker, Lok Sabha relating to maintaining confidentiality of the proceedings of the sitting of the Committee till the report on the subject is presented to Parliament. The Chairman pointed out that the Chairmen/Heads of the various Public Sector Undertakings on today's agenda were not present at the sitting of the Committee. The Committee placed on record their displeasure over Chairmen/Heads of the various Public Sector Undertakings for not attending the sittings of the Committee particularly when the Committee was supposed to analyse their performance in the context of examination on Demands for Grants 2011-12.

3. The representatives of the Ministry of Defence thereafter explained to the Committee various aspects related to Demands for Grants 2011-12 in respect of Procurement Policy and Ordnance Factories. The Committee held detailed deliberations on various issues which include procurement procedure, offset clause, role of private sector, modernisation and capacity utilisation of ordnance factories etc. The representatives of the Ministry responded to the queries of members. In regard to the points on which the information was not readily available, the Committee was assured by the Ministry that the written replies would be made available.

4. The Committee could not hold deliberations on Directorate General of Quality Assurance and Defence Public Sector Undertakings due to paucity of time and as such decided to consider these items at the sitting scheduled on the following day *i.e.* 19 April, 2011.

A copy of verbatim record of the proceedings has been kept.

The Committee then adjourned.

MINUTES OF THE TENTH SITTING OF THE STANDING COMMITTEE ON DEFENCE (2010-11)

The Committee sat on Tuesday, the 19th April, 2011 from 1500 hrs. to 1830 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Satpal Maharaj — *Chairman*

MEMBERS

Lok Sabha

2. Shri Kamal Kishor 'Commando'
3. Shri H.D. Devegowda
4. Dr. Sucharu Ranjan Haldar
5. Shri Kapil Muni Karwariya
6. Shri Asaduddin Owaisi
7. Prof. Prasanna Kumar Patasani
8. Shri A.T. Nana Patil
9. Shri C.R. Patil
10. Shri Amarnath Pradhan
11. Shri Baju Ban Riyan
12. Rajkumari Ratna Singh

Rajya Sabha

13. Shri Avinash Rai Khanna
14. Prof. P.J. Kurien
15. Shri Mukut Mithi
16. Shri T.K. Rangarajan
17. Shri Birender Singh

18. Shri Ram Kripal Yadav
19. Shri Naresh Gujral

SECRETARIAT

1. Shri T.K. Mukherjee — *Joint Secretary*
2. Smt. Sudesh Luthra — *Director*
3. Smt. Jyochnamayi Sinha — *Deputy Secretary*

WITNESSES

Representatives of the Ministry of Defence

1. Shri Pradeep Kumar, Defence Secretary
2. Shri R.K. Singh, Secretary (DP)
3. Shri R.K. Mathur, Special Secretary (M)
4. Shri Vivek Rae, Director General (Acquisition)
5. Shri Subhash Chandra, Joint Secretary (Air)

Representatives of the Air Headquarters

6. Air Marshal N.A.K. Browne, Vice Chief of Air Staff
7. Air Marshal R.K. Sharma, Deputy Chief of Air Staff
8. Air Marshal Daljit Singh, Director General of Air (Operations)
9. Air Marshal R.K. Vashisht, Director General (Aircraft)
10. Air Vice Marshal P.N.R. Govind, ACAS (Training)
11. Air Vice Marshal Amit Aneja, ACAS (Training)
12. Air Vice Marshal D.P. Upot, ACAS (Inspection)
13. Air Vice Marshal Mathew George, ACAS (Financial Planning)
14. Air Vice Marshal S.B.P. Sinha, ACAS (Plans)
15. Wing Commander Satyendra K. Sinha, Joint Director (Systems)

Representatives of the Defence Research and Development Organisation

16. Dr. V.K. Saraswat, Secretary (Research and Development)
17. Dr. A.S. Pillai, CCR&D & Distinguished Scientist and CEO, BrahMos

18. Dr. Prahlada, CCR&D (Ae and SI) and Distinguished Scientist
19. Dr. W. Selvamurthy, CCR&D (LS) and Distinguished Scientist
20. Shri S. Sundaresh, CCR&D (ACE) and Distinguished Scientist
21. Dr. V. Bhujanga Rao, CCR&D (HR) and Distinguished Scientist
22. Dr. K. Sekhar, CCR&D (MS & LIC) and OS
23. Dr. R. Sreehari Rao, CCR&D (ECS) and OS
24. Dr. J. Narayana Das, CCR&D (NS & M) and OS
25. Dr. K.D. Nayak, CCR&D (MED & MIST) and OS
26. Dr. S.C. Pandey, Joint Secretary and Additional Financial Advisor (P)
27. Dr. S.M. Veerabhadrappa, Director (P and C)

Representatives of the Defence Finance

28. Shrimati Vijayalakshmy K. Gupta, Secretary (Defence Finance)
29. Shrimati Shobhana Joshi, Joint Secretary and Additional Financial Advisor (S)

Representatives of the Defence Production

30. Shrimati Rashmi Verma, Joint Secretary (LS)
31. Shri Manoj Saunik, Joint Secretary (AS)

2. At the outset, the Chairman welcomed the members and representatives of the Ministry of Defence to the sitting of the Committee and drew their attention to Direction 58 of Directions by the Speaker, Lok Sabha. The Chairman initiated the discussion by asking the representatives of the Ministry of Defence to render evidence on Air Force, Defence Research and Development Organisation and Defence Public Sector Undertakings. The major issues raised by the Members were inability of helicopters/aircraft to land in Leh and Kargil, completion period of Modernisation of Air Field Infrastructure (MAFI), accident rate of MiG aircraft, increase in the number of squadrons, filling up of vacancies in Air Force, transfer of technology for Kaveri engine, present status of Arjun Tank and recommendations of Rama Rao Committee, etc.

Thereafter, the representatives of the Ministry of Defence through a power point presentation briefed the Committee on Air Force and Defence Public Sector Undertakings.

The representatives of the Ministry responded to the queries raised by the Members during the deliberations. As regards the point on which

the representatives could not readily respond, they promised to furnish written information at the earliest.

A copy of verbatim record of the proceedings has been kept.

The Committee then adjourned.

MINUTES OF THE TWELFTH SITTING OF THE STANDING COMMITTEE ON DEFENCE (2010-11)

The Committee sat on Monday, the 20th June, 2011 from 1130 hrs. to 1230 hrs. in Main Committee Room, Parliament House Annexe, New Delhi.

PRESENT

Shri Satpal Maharaj — *Chairman*

MEMBERS

Lok Sabha

2. Shri Harish Chaudhary
3. Shri Kamal Kishor 'Commando'
4. Shri Kapil Muni Karwariya
5. Prof. Prasanna Kumar Patasani
6. Shri J. Ramesh
7. Shri H.D. Devegowda
8. Shri Baju Ban Riyan
9. Rajkumari Ratna Singh
10. Dr. Sucharu Ranjan Haldar
11. Shri Asaduddin Owaisi
12. Shri A.T. Nana Patil
13. Shri C. Rajendran
14. Shri Mahabali Singh

Rajya Sabha

15. Prof. P.J. Kurien
16. Shri T.K. Rangarajan
17. Shri Birender Singh
18. Shri Ram Kripal Yadav

19. Shri Naresh Gujral

20. Shri Mukhtar Abbas Naqvi

SECRETARIAT

1. Shri T.K. Mukherjee — *Joint Secretary*
2. Smt. Sudesh Luthra — *Director*
3. Smt. Jyochnamayi Sinha — *Deputy Secretary*

2. At the outset, the Hon'ble Chairman welcomed the members of the sitting of the Committee.

3. The Committee then took up for consideration and adoption the draft report on Demands for Grants of the Ministry of Defence for the year 2011-12 and adopted the same with slight modifications/deletion at Para Nos. 13, 34 and 50. The Committee, then, authorized the Chairman to finalise and present the report to the House on a date convenient to him.

4. The Hon'ble Chairman then informed the members about the correspondence received from the Ministry of Defence in connection with the tour of the Committee to Bangalore, Laskshadweep and Kochi from 29 June, 2011 to 4 July, 2011. The Ministry of Defence has informed that the onset of monsoon would impact transportation from mainland to island and inter-island during the aforesaid period. The Committee decided to cancel the said visit to Bangalore, Lakshadweep and Kochi in view of the advice of the Ministry of Defence. The Committee after deliberations finalized an alternate tour programme to Mumbai, Goa, Bangalore and Vishakhapattanam during the aforesaid period i.e. 29 June, 2011 to 4 June, 2011 to be undertaken after soliciting the permission of Hon'ble Speaker.

The Committee then adjourned.